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LIST OF ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CBD	Central Business District
CBP	Community-Based Planning
CCTV	Close Circuit Television
CCMA	Commission for Conciliation Mediation and Arbitration
CDW	Community Development Worker
CFO	Chief Financial Officer
ED	Executive Direct
GRAP	Generally Recognised Accounting Procedures
HIV	Human Immunodeficiency Virus
AIDS	Acquired Immune Deficiency Syndrome
HRM	Human Resources Management
ICT	Information and Communication Technology
IDC	Industrial Development Corporation IDP Integrated Development Planning
IPMS	Individual Performance Management System
LGSETA	Local Government Sector Education and Training Authority
LLF	Labour and Local Government Forum
Km	Kilo Metre
Kl	Kilo Litre
MFMA	Municipal Financial Management Act
ILM	Impendle Local Municipality
PDI	Previously Disadvantaged Individuals
SALA	South African Labour Association

NYDA

BOSS

VIP

IDP

SCM

Cllr.

MIG

SALGA

AG

MUNIMEC

MEC

MOU

WSP

COGTA

STATSSA

MPRA

EPWP

MSA

PKA

MMEs

SALGBC South African Local Government Bargaining Council

SAMWU South African Municipal Workers Union

SANS South African National Standards

SDBIP Service Delivery and Budget Implementation Plan

SEDA	Small Enterprise Development Agency
SMME	Small, Micro and Macro Enterprises
UIF	Unemployment Insurance Fund

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

Vision

Members of Impendle Council, Impendle Municipality Officials and all present, it is with great pleasure that I present the Annual Report on the activities of the Impendle Local Municipality for the financial year 1 July 2012 to 30 June 2013. As Impendle Local Municipality (ILM) our vision is “By the year 2017, the Impendle Municipality would have provided the majority of the people and households with sustainable access to their social and economic development needs and basic services in a fully integrated manner and within a safe and healthy environment.” In 2012/2013 the municipality continued

with its attempts to ensure effective infrastructure and financial management. Social development matters as well as economic development activities also took priority in order to realize our vision.” However there are indicators to the effect that our municipality continued to struggle with the implementation of Municipal Infrastructure Grant projects. This report will outline details of both successes and challenges that continued to dog our municipality in the year under review. 2011/2012 marked the third consecutive year that the municipality obtained an unqualified report from the Auditor General albeit with areas of concern in our financial governance and performance management systems. It is our intention that the municipality should continue improving its audit outcomes and meet the target of clean audit by 2014. In conclusion, we can say that despite limited successes the municipality faces challenges in respect of service delivery backlogs pertaining to functions rendered by other spheres or arms of state such as water, sanitation, roads, electricity as well as free basic services.

Key Policy Developments

Economic development and job creation is an area in which the municipality will continue to struggle for the foreseeable future. Despite attempts and a major drive by the previous management to attract investments, little or no progress was achieved. This is apart from government investments such as in the construction of the Maze Mill Plant built in Impendle Village. This development is part of the Small Town Rehabilitation Program funded by the Department of Cooperative Governance and Traditional affairs. The revision of the local economic development strategy of the municipality will include these new initiatives and a number of jobs will be created from production of raw material to the retailing of the final product. This opens the opportunity for the revival of cooperatives.

Key Service Delivery Improvements

While service delivery, with particular reference to the implementation of projects funded through the Municipal Infrastructure Grant programme did improve slightly during the year under review, huge service delivery backlogs remain. It is not only the pace of actual delivery but also the expenditure that should be accelerated. The completion and handover of three community centres during the year under review marked an important milestone in the history of service delivery in Impendle. The rehabilitation of the taxi rank was still not complete. The delays had been assessed and a plan put in place, however this was delayed further due to lack of capacity as well as inclement weather. The provision of Free Basic Energy started in the 2009/2010 financial year and progressed well during the year under review. More than a thousand families received free basic energy on a monthly basis during the year under review. Infrastructure development continues to receive exceptional attention. We are mindful of the fact that good infrastructure is the basis for economic growth. Special attention is paid to our roads and storm water infrastructure. The

Municipality also benefited from the Small Town rehabilitation program to re-do the Village Town main road (Mafahleni Street). Despite the challenge of plant breakdown the municipality continued to maintain community gravel roads in the past financial year. We are also doing reasonably well in the area of growing the economy and thus creating job opportunities. We are particularly focusing on SMME development and preferential procurement. We are aware that SMMEs are central to growing the economy and boosting the campaign around job-creation. We have facilitated the establishment of more than 20 SMMEs in the last year. We have successfully linked these SMMEs with funding institutions. We further awarded most outsourced services to SMMEs to help them get established. As a result, SMMEs have contributed to the efforts to eradicate unemployment by creating about a number jobs opportunities last year alone.

Public Participation

During the previous year the municipality focused on matters related to governance such as policies, public participation as well as improved audit outcomes. Until the end of their term the municipality's ward Committees remained functional. Their functionality had been reinforced by the municipality's appointment of part time ward committee administrators who helped consolidate their work even further. Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction.

The evolution of ward-based planning and the related establishment of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Impendle Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums. In order to facilitate maximum participation by ward committee members, the Municipality provides stipends of R500.00 for each member. Ward committees are functioning pretty well in all 4 wards. Reports are received monthly and follow-ups made where necessary. Stakeholder forums with business community have also been established. Inputs are regularly solicited from these constituencies on a constant basis. Meetings are held as the need dictates. Otherwise, maximum participation takes place during annual IDP reviews and the tabling of annual budget.

Agreements / Partnerships

In terms of intergovernmental relations and cooperation, it can be reported that the department of Human Settlement saw to the completion of the Rural Housing programme which had started a few years earlier. One of the three projects was completed in the 2011/2012 financial year and in the same year the new phase of housing delivery of another 2000 units commenced. Relations with the UMgungundlovu District Municipality had improved substantially during the previous two years and remained good during the year

under review. The commencement of the Novuka/Nhlabamkhosi water scheme would be a major milestone. The department of Cooperative Governance and Traditional Affairs through the Dept. of Agriculture granted the municipality funding to build a Grain Processing Plant (mill) to be located in the Impendle Village. This was an important step towards achieving sustainable local economic development in Impendle.

Conclusion

In conclusion, we can say that despite limited successes the municipality faces challenges in respect of service delivery backlogs pertaining to functions rendered by other spheres or arms of state such as water, sanitation, roads, electricity as well as free basic services.

Signature

Cllr S.G Ndlela

Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Impendle Municipality is located within the uMgungundlovu District which is regarded as the heart of the KwaZulu Natal Midlands. Impendle is situated on the western boundary of the uMgungundlovu District, and shares a boundary with the KwaSani and Ingwe Local Municipalities in the Sisonke District Municipal area. KwaSani Municipality includes such towns as Underberg and Himeville. To the north is the uMngeni Local Municipality which is closely tied to the Impendle Municipality in terms of agriculture and potential tourism (Midlands Meander), and to the east The Msunduzi Local Municipality which is the capital of the province and economic hub of the District. Also to the west are District Management Areas of the Drakensberg that fall under the Transfrontier Development Initiative related to the World Heritage Site. Impendle is the smallest municipality in the uMgungundlovu region. Its economy is predominantly rural, and highly dependent on agriculture and farming. The infrastructure is relatively poor and the municipality has insufficient resources to address basic infrastructure problems. There are however, specific natural assets which may give Impendle an economic advantage if fully explored. These include proximity to major tourist attractions, farming of woodlots, stock as well as abundant water resources. Impendle comprise of four wards described as follows:

Ward 1

This ward is located on the Western portion of the Municipality with the western boundary of the Municipality falling adjacent to the Drakensberg Mountains. This ward is by far the largest ward in terms of geographical area and consists of scattered rural settlements which have encroached onto Nature areas. Small pockets of traditional areas are also located

along roads and rivers. There are three settlements which stand out above the rest in this ward, namely: Nzinga, Stoffelton, Lower & Upper Makhuzeni, Mahlutshini, Thunzi, Nkangala/Glen and Lotheni

Ward 2

East of Ward 1 is Ward 2 which has as its western boundary the Nzinga River while the Eastern Boundary is the Impendle Mountain. This Ward consists of the following settlements, namely: Come and See, Macksam, Ukukhanya, Compensation, Mgodini, Ntshiyabantu/Shellfish, Qutshini and Nguga.

Ward 3

The Western Boundary of Ward 3 runs along the Impendle Mountain while the Eastern Boundary falls roughly along the road from Boston to Impendle town to Howick. This ward consists of the town of Impendle and the following settlements: Novuka, kwaMlaba, Khetha, Ntokozweni, Lindokuhle, Phindangene, Smilobar, Sthunjwana, Fikesuthi & the Impendle Village.

Ward 4

This ward consists mainly of the farming community of Boston and the settlements of: Gomane & Nhlambamkhosi.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Population by gender

WARD	MALE	FEMALE	TOTAL
Ward 1	4004	4680	8683
Ward 2	4481	5066	9546
Ward 3	3815	4254	8069
Ward 4	3193	3613	6806
Total	15493	17612	33105

Source: Stats SA, 2011 Census

Population by group

WARD:	Black African	Coloured	Indian or Asian	White	Other	Total
Ward 1	8548	51	12	55	18	8683
Ward 2	9509	6	6	9	16	9546
Ward 3	8027	7	17	3	15	8069
Ward 4	6668	21	8	107	2	6806
Total	32753	85	42	174	51	33105

Source: Stats SA, 2011 Census

Population by head of household

Ward:	Black African	Coloured	Indian or ocean	White	Other	total
Ward 1	2153	23	3	22	7	2208
Ward 2	2266	1	3	1	3	2274
Ward 3	1807	3	4	1	5	1821
Ward 4	1832	3	4	59	2	1899
Total	8058	30	13	83	17	8203

Source: Stats SA, 2011 Census

1.3. SERVICE DELIVERY OVERVIEW

The table below provides a summary of levels of services in Impendle, by type of service and by region in the last four years. It is evident that Impendle has made reasonable strides in addressing the backlog of services even though some regions are still lacking behind,

Level of civil services in Impendle

Table B1: 2007 StatsSA Community Survey Data

IMPENDLE POPULATION	Census 2001	CS 2007	Census2011	% CHANGE
Population	33569	39401	33105	-1.4%
Household	7343	7338	8203	11.7%
TYPE OF DWELLING	Census 2001	CS 2007		% CHANGE
Formal	39.6%	13.0%	-	-26.6%
Informal	0.8%	0.8%	-	0.0%
ELECTRICITY	Census 2001	CS 2007		% CHANGE
Lighting	61.1%	78.4%	83.6%	22.5%
Cooking	15.9%	24.3%	47%	31.1%
Heating	13.4%	11.4%	31%	17.6%
TOILET	Census 2001	CS 2007		% CHANGE
Pit latrine	86.5%	69.9%	85.6%	-0.9%
Bucket Toilet System	2.3%	0.0%	0%	-2.3%
No toilet	2.4%	1.4%	14.4%	12.4%

REFUSE DISPOSAL	Census 2001	CS 2007		% CHANGE
Removed by local authority / private company	2.5%	2.4%	4.8%	2.3%

No refuse disposal	4.5%	23.9%	93.4%	- %
WATER	Census 2001	CS 2007	% CHANGE	
Piped water inside dwelling	5.7%	18.3%	16%	10.3%
Piped water inside yard	52.1%	37.8%	37.7%	-14.4%
Piped (tap) water to community stand	18.9%	18.5%	20%	1.1%
Total piped water	76.7%	74.7%	73.7%	-3.0%

Source: Statistics South Africa 2007

ILM together with the Department of Human settlement has made good progress in building affordable housing. 1500 units have been constructed with a further 300 being constructed at present. Phase 1 on an additional 2000 units is under way to rollback the backlogs for formal housing.

In respect of electricity, ILM has made good progress. Stats SA (2007) findings indicate that the level of provision of access stands at more than 90% overall. The provision of electricity in Impendle is at all-times high – more than 90%. In addition to physical connection, ILM provides free basic electricity to all registered indigents (ILM, 2011) in line with the national government's directive.

Roads infrastructure is very critical to smooth provision of services and drives economic growth. For this and many other reasons, ILM has invested heavily in roads infrastructure. In the last five years, ILM rehabilitated and or graveled 120 km funded from very small R&M votes using its own plant and equipment. Fifteen kilometers of major roads have been completed using MIG funding, external consultants and contractors costing more than R6 m. Despite the best efforts, backlog of road infrastructure is far from over. The backlog costs run into billion rands. The Impendle Local Municipality has the highest rate of backlog a fact hardly surprising given its predominantly rural nature.

1.4. FINANCIAL HEALTH OVERVIEW (AFS Alignmt) (Blank)

Financial overview:

Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	49 707 287	64 142 033.85	49 341 009
Taxes, levies, and tariffs	1 568 503	1 481 900	1 441 670
Other	2 950 100	1 294 079.30	1 844 876
Sub total	54 225 890	66 918 013.15	52 627 555
Less Expenditure	54 255 890	66 644 040.14	36 814 873
Net total	0	273 973.01	15 812 682
Note surplus (deficit)	0		15 812 682

Operating ratios

Details	Actual Expenditure	Ratio
Employee cost	13 813 363	

Repairs & Maintenance	713 178	
Finance charges & Impairment	4 342 142	
Total	18 868 683/30 503 989*10	62%

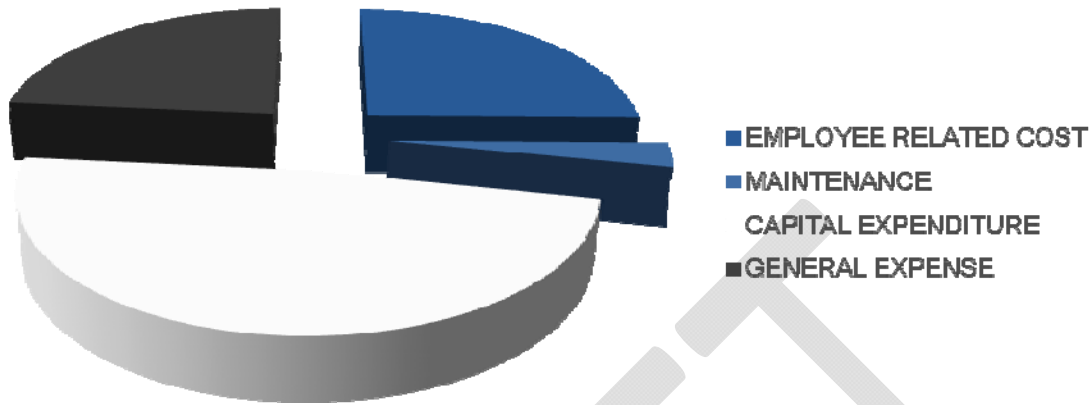
Total capital expenditure: Year 2 – year 0

Details	2012/2013	2011/2012	2010/2011
Original budget	54 225 890	44 042 480	
Adjustment budget	66 918 013.15	57 671 459	
Actual	52 627 555	38 059 317	
Total			

Size

EMPLOYEE RELATED COSTS	MAINTENANCE	CAPITAL EXPENDITURE	GENERAL EXPENDITURE
R13 813 363	R713 178	R5 455 874	R10 054 009

2013/2014 BUDGET EXPENDITURE



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Impendle always goes an extra-mile to sustain the organisational integrity. This is done among others by looking after the welfare of its citizens. The strategic management of human resources is therefore critical in ensuring that Impendle builds a workforce that is highly productive, responsive and customer-oriented. During the 2012/13 financial year a human resources strategy as well as an implementation plan was reviewed.

Last year Impendle drafted the Workplace Skills Plan that was co-signed with organised labour for submission to the LGSETA. As a result of the submission the municipality received the mandate from the LGSETA for implementation of training programmes.

With regard to employment equity, the municipality has made significant strides in ensuring representation at the different levels within the organisation. The following employment equity targets were set for the municipality for the 2012/13 financial year.

1.6. AUDITOR GENERAL REPORT

The Impendle Local Municipality has been receiving an unqualified audit outcome from the AGSA since 2010/11 financial year. However, the Municipality is committed to clean audit by 2014 and number of interventions have been put in place to improve quality of day to day operations.

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER 2 – GOVERNANCE

2.1. POLITICAL GOVERNANCE

Municipalities in South Africa are governed by Municipal Councils. Impendle Council is therefore the governing body of the Impendle Local Municipality and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, the Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:

- a) (Making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality
- b) (Electing) its chairperson
- c) (Electing) an executive committee and other committees, subject to national legislation
- d) (Employing) personnel that are necessary for the effective performance of its functions

Table outlines and responsibilities, oversight and accountability of each structure.

The Governance Structure of Impendle

Structure	Responsible for	Oversight Over	Accountable to
Council	Approve policies and budget	Mayor, Mayoral Committee and Audit Committee	Community
Mayor/Speaker	Policies, budget, outcomes, management and oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	The administration	Mayor

CFO & other HOD'S	Outputs and implementation	Financial management and operational functions	Municipal Manager
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The Impendle Council is constituted by seven (7) elected Councillors; four (4) Councillors are ward representatives and three (3) represent their political parties on a proportional basis. The parties in Council are illustrated in the Table below.

Political Parties represented in the Council, the total, ward and PR seats

Party	Total Seats	Ward Seats	PR Seats
African National Congress	6	4	2
Inkatha Freedom Party	1	0	1

b) The Mayor

The work of the Council is coordinated by the Mayor who is elected by the Council. The Mayor is at the centre of the system of governance, since executive powers are vested in him/her to manage the day-to-day affairs of the municipality. He/she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. The Mayor is also the first citizen of the City and attends to ceremonial duties.

The Mayor is assisted by Councillors in a Mayoral Committee. The Mayoral Committee consists of councillors appointed by the Mayor to serve on the Mayoral Committee. The Mayor together with the Mayoral Committee also oversees the work of the administrative arm. Each member of the Mayoral Committee has a portfolio with specific Functions.

Table 2.1.3 lists the name and portfolio of each Mayoral Committee in Impendle.

Members of the Mayoral Committee, 2012/2013

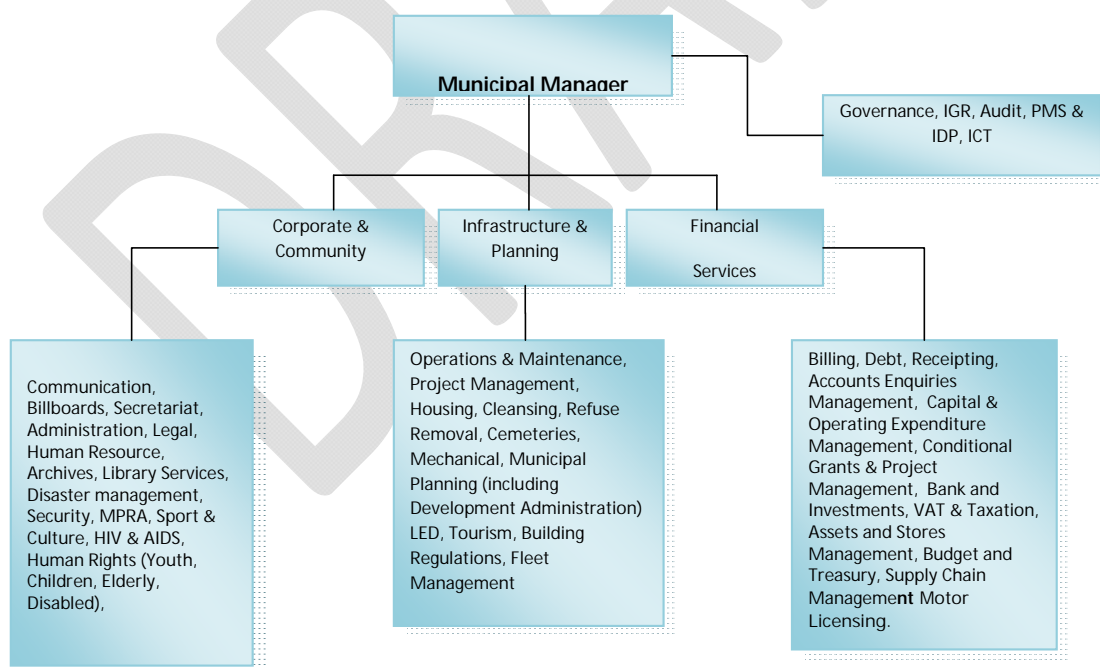
Mayoral Committee	Responsible Councillor
Finance	Councillor S Ndlela
Corporate and Community Services	Councillor D Gwala
Infrastructure and Planning	Councillor Mlaba

2.2. ADMINISTRATIVE GOVERNANCE

a) The Municipal Manager

The administration is headed by the Municipal Manager as the Accounting Officer. The Municipal Manager is further responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as the management of the provision service in a sustainable and equitable manner within the municipality. The administration is made up of the following departments headed by Heads of Departments: Finance, Corporate and Community Services, and Infrastructure and Planning Services,

2.2.1 Organisational structure of ILM



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.

ILM furthermore participates in the Provincial and District MIG forum. These forums provide a platform for engagement on the approval of projects and for coordination and monitoring of expenditure on former MIG-funded projects.

The District has adopted a Cluster Model wherein different clusters are chaired by the Municipal Managers of the Local Municipalities and the Municipal Manager of the District. Impendle Municipal Manager chaired the IT Cluster.

The Municipality also has entered into shared services with the District on the following functions: Internal Audit, Development and Planning Services and Geographic Information System (GIS)

The ILM also participates in the Provincial Housing Coordinating forum where parties look into the Human Settlement Grant funded projects, based on the allocation granted for the province.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION (Blank)

2.4. PUBLIC MEETINGS

Nature and purpose of the meeting	Date of event	Number of participating municipal council	Number of participating municipal administrators	Number of community members attending	Issue addressed (yes/no)	Dates and manner of feedback given to the community
IDP Public Participation	April 2013	7	4		Yes	
IDP/Budget	May 2013	7	4		Yes	

Imbizo						

2.5. IDP PARTICIPATION AND ALIGNMENT

The 2012-2013 IDP has marked the second year of the Third Generation of the IDPs. Impendle Municipality IDP process had once again went through the exercise of public participation and the community needs and concerns were recorded. The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how.

This legislation requires the Impendle Council to undertake an exercise, at least once in every five years, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2005, the Impendle Local Council has been consulting with members of the community, local business community and community organisation to determine the priorities of the people of Impendle. Along with the development priorities for the second term of the Council (2006-2011), these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

IDP participation and alignment criteria	Yes/No
Does municipality have impact, outcome, input and output indicators?	Yes
Does IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP have the multi-year target?	Yes
Are above aligned and can they calculate into a score?	To improve
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57?	Yes
Do the IDP KPIs lead to the functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	To improve
Were the indicators communicated to the public?	To improve
Were the four quarter aligned reports submitted within stipulated timeframes?	To

COMPONENT D: CORPORATE GOVERNANCE

2.6. RISK MANAGEMENT

Impendle regards risk management as an important function that contributes to the achievement of the municipality's objective and provides assurance that key risks are being identified and assessed; and effective controls are put in place to mitigate risks. To this end, Impendle has adopted a Risk Management Strategy as a tool to assist the municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery. The Risk Management Strategy is supported by the Risk Management Policy, the document that set the stance of the municipality with regards to risk management.

To build capacity around risk management, the Municipality had requested the services of the Personnel from the National Treasury to assist the Municipality to deal with issues of risk management in compliance with the provisions of the MFMA.

2.7. ANTI-FRAUD AND CORRUPTION

The municipality has developed the Anti-fraud policy to guide the municipality on matters pertaining to fraud the development of the policy document is an illustration that the Municipality does not tolerate fraudulent or corrupt activities whether internal or external to the Municipality

2.8. SUPPLY CHAIN MANAGEMENT

The ILM has established a Supply Chain Unit in line with the internal Supply Chain Management (SCM) Policy. The division is headed by Senior Accountant, who reports to the Chief Financial Officer.

The calling for tenders to secure supplies of goods and services is an integral part of SCM, as legislation compels public institutions to procure goods and services through this process. A thorough knowledge of the different phases of the tendering process and the accompanying procedures is therefore necessary to ensure that public officials procure goods and services timeously and according to their requirements.

In line with the Municipal Finance Management Act (MFMA), the Accounting Officer has approved the Bid Committees. The Municipality ensures that the tender process is fair, Transparent, equitable and cost effective.

2.9. BY-LAWS

There were no new by-laws introduced during the 2012-13 year

2.10. WEBSITES **Dates**

Municipal website: content and currency of material

Documents published on the municipality's / entity's website	Yes / no	Publishing date
Current annual and adjustments budgets and all budget related documents	Yes	To be Confirmed
All current related policies		To be Confirmed
The previous annual report (year 2011/12)		To be Confirmed
The annual report (12/13) published/ to be published		To be published
All current performance agreements required in terms of section 57(1)(b) of the municipal systems (12/13) and resulting scorecards	Yes	To be Confirmed
All service delivery agreements (12/13)	Yes	To be Confirmed
All long term borrowing contracts (12/13)	Yes	To be Confirmed
All supply chain management contracts above a prescribed value (give value) for 12/13		To be Confirmed
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2013		To be Confirmed
Contract agreed in year 12/13 to which subsection 1 of section 33 apply subject to subsection (3) of that section		To be Confirmed
Public-private partnership agreements referred in section 120 made in 12/13		To be Confirmed
All quarterly reports tabled in the council in terms of section 52 (d) during 12/13		To be Confirmed

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

FREE BASIC SERVICES AND INDIGENT SUPPORT

COMPONENT B: ROAD TRANSPORT

3.1 ROADS

Impendle is responsible for a major of rural access roads that are not maintained by Department of Transport. Many of these roads are in very bad condition and become impassable during the rainy season. Through many years of use without maintenance or hardening, many have developed in deep dongs where stormwater continuously deepens them.

Departmental Funded Maintenance

Repairs on the roads within the Impendle Village continued to be done within budget constraints. Construction equipment purchased for the Roads maintenance Team was put into operation in the rural areas of Impendle however due to limited resources no maintenance has been carried out in the financial year of 2012/2013. The Municipality Grader which is regarded as the main core of road maintenance have been out since the beginning of the financial year as it needed major repairs. The infrastructure department have proposed a plan to outsource service providers who will maintain identified roads within its budget.

The challenges the Municipality faces is that road maintenances has become one of the primary needs of the Impendle Community which it cannot execute effectively due to financial constraints or lack of funding.

MIG & COGTA Funded Roads Projects

A road and infrastructure plan is put in place that will commit MIG funding well into the 2014/2015 financial year, the Rehabilitation of Mafahleni is nearing it completion. The Municipality is working around the clock to improve progress without compromising quality on all current road projects.

The Municipality has put in a recovery plan to escalate service delivery by engaging the Department of transport and uMgungundlovu District in order to assist with re-gravelling of road. Road which are considered first priority to the community were identified which consist mainly of roads used by public transport supporting majority of houses holds. The Municipality is striving towards improving and providing quality roads however the main challenge with scarce resources and maintenance of roads.

MUNICIPAL INFRASTRUCTURE GRANT (MIG) ROADS

Project Description	Distance (km)	Planned Completion	MIG Allocation	Expected Completion
Bus Stop Road	0.8	Under construction	R 1 1978.00	Aug 2013
Maromeni Road	0.8	Under construction	R 1566 526.50	Sept 2013
Stepmore Gravel Roads 1 & 2 Rehabilitation (Ward 1)	2	Under construction	R 4 045 235.00	
KwaKhetha Access Gravel Road Rehabilitation (Ward 3)	0.8	Complete	R 1 162 702.80	

CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS GRANT (COGTA)

Project Description	Distance (Km)	Project status	Cogta Allocation	Expected Completion
Mill Project		Under Construction	R 6 500 000.00	Nov 2013
Rehabilitation Of Mafahleni Street	0.6	Under Construction	R 11 300 000.00	Oct 2013

GRAVEL ROAD INFRASTRUCTURE (kilometers)

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded or maintained
2012	2km	2km	non	non
2013	1.7km	1.8	non	non

3.2 WATER PROVISION

ward	Piped (tap) water inside dwelling	Piped (tap) water inside yard	Piped (tap) water on community stand: distance less than 200m from dwelling	Piped (tap) water on community stand: distance between 200m and 500m from dwelling	Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling /institution	Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	No access to piped (tap) water	Total
<i>Ward 1</i>	248	475	330	247	34	14	851	2208
<i>Ward 2</i>	344	913	507	340	38	3	130	2274
<i>Ward 3</i>	467	933	152	43	68	28	133	1821
<i>Ward 4</i>	245	773	705	68	21	18	70	1899
<i>Total</i>	1313	3094	1693	698	158	63	1184	8203

Source: Stats SA, 2011 Census

3.3 WASTE WATER (SANITATION) PROVISION

Ward:	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation	Pit toilet without ventilation	Bucket toilet	Other	total
<i>Ward 1</i>	35	116	71	50	1157	757	8	14	2208
<i>Ward 2</i>	43	19	13	125	776	1012	2	285	2274
<i>Ward 3</i>	27	114	35	9	282	1064	76	215	1821
<i>Ward 4</i>	27	148	148	334	63	899	10	270	1899
<i>Total</i>	131	397	267	519	2278	3733	95	783	8203

Source: Stats SA, 2011 Census

3.4 ELECTRICITY

Given the rural nature of the majority of the residence in the Impendle Municipality a high percentage of homes have electricity. Department of Energy has allocated funding over the past two years to roll out electricity into new unelectrified areas. The Mahlutshini Village was completed and connected to the grid in this financial year. Planning and design was started and completed for the eKuKhanyeni and Ntshiyabantu areas, tenders call and closed in the next financial year. Electrification of Mahlutshini have been completed successfully, however the demand for Electricity is still high as there are still areas within the Municipality not electrified. The Municipality through its engagement with Department of Energy will within the current financial year continue to improve its services to Impendle Communities. New areas will be identified at Loteni and surrounding areas to be electrification in the near future. The major challenges the Municipality faces is the lack of commitment from Eskom, connection of infills, areas being regarded or identified as Island within a particular area such as SWAMPU.

DEPARTMENT OF ENERGY (DOE) ELECTRIFICATION 2011/2012

Project Description	Planned Completion	Project Value	Expenditure
Mahlutshini (183 connections)	Completed	R 131 594.89	R 131 594.89
Ntshebane and eKukhanyeni (90 connections)	Advertised	R 5 000 000.00	R 68 000.00
Total		R 5 131 594.89	R 199 594.89

DEPARTMENT OF ENERGY (DOE) ELECTRIFICATION 2010/2011

Project Description	Planned Completion	Project Value	Expenditure
Mahlutshini (183 connections)	Construction Complete Eskom to Provide Outage	R 2 442 099.96	R 2 310 505.07

Total	R 2 442 099.96	R 2 310 505.07
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Household energy or fuel for lighting

Ward:	None	Electricity	Gas	Paraffin	candles	solar	Total
Ward 1	12	1378	10	12	785	11	2208
Ward 2	15	2005	6	10	234	4	2274
Ward 3	3	1727	1	2	83	5	1821
Ward 4	4	1744	4	5	133	9	1899
total	34	6854	21	29	1235	30	8203

Source: Stats SA, 2011 Census

Household energy or fuel for cooking

Ward:	electricity	Gas	Paraffin	wood	Coal	Animal dung	Solar	None	total
Ward 1	722	113	32	1325	4	2	6	4	2208
Ward 2	944	36	42	1236	3	4	3	6	2274
Ward 3	887	34	19	864	3	-	2	12	1821
Ward 4	1307	62	54	465	5	3	4	-	1899
total	3860	244	148	3890	14	14	15	22	8203

Source: Stats SA, 2011 Census

3.5 WASTE MANAGEMENT

Departmental Funded Operation and Maintenance

A refuse collection service in Impendle Village has been carried out successfully using Municipal staff and equipment.

Street Cleansing Services

Departmental funded operation and maintenance.

Litter collection is an ongoing operation within the Impendle Village.

Mowing of the verges and within municipal properties was initiated with this financial year with substantial clearing and reforming of verges taking place to enable mechanical mowing.

Sports field mowing in Impendle Village is being done monthly in the wet season.

Ward:	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	total
Ward 1	44	84	18	1906	123	32	2206
Ward 2	18	14	55	1768	339	80	2274
Ward 3	125	11	2	1604	76	3	1821
Ward 4	60	36	31	1585	160	28	1899
Total	247	145	107	6862	698	144	8203

Source: Stats SA, 2011 Census

3.6 HOUSING

Through its strategic focus areas as encapsulated in the IDP Impendle seeks to enhance service delivery with efficient institutional arrangements; reduce housing backlog and promote sustainable human settlements and promote service excellence.

While the competency of providing houses resides with the provincial government, Impendle has worked hard to facilitate the provision of housing to its residents.

AFFORDABLE HOUSING

Overview

Continuous management, coordination and facilitation of all Municipality's Housing development projects within Impendle Municipality.

Oversight of construction of houses for the approved beneficiaries

Ensure the provision of services to individual homes especially in areas that have benefited through Affordable Housing Projects, funded by the Department of Housing (DOH) and homes transferred to certain people through the Government Discount Benefit Scheme.

Description of the activity

The municipality has a mandate to lead and direct the housing function so that the strategic objectives of the municipality in relation to housing are achieved. The main objectives are as follows:

- The establishment of an inclusive, representative and accountable development structures within communities.
- Identification of other primary actors with whom the community should relate for the purposes of successful development.
- Certification of potential housing beneficiaries.

- Facilitation of the sales administration process.
- Signing of building agreements by beneficiaries.
- Appointment of Project Manager(s) by the Developer.
- Appointment of Contractor(s) to undertake the actual construction of houses.
- Capacitating and empowerment of locally based contractors to participate in the construction of houses as sub-contractors.
- Ensure that the employment of unskilled local people to assist skilled labourers during the construction phase.
- The Municipality has a mandate to lead and direct to the housing functions so that the Strategic Objectives of the Municipality in relation to housing are achieved.
- Analysis of the function

The Strategic Objectives of this function are to:

- Reduce the population living in informal structures
- To ensure access to formal housing opportunities.

IMPENDLE PHASE TWO HOUSING PROJECTS

WARD NAME	PROJECT PHASE	NUMBER UNITS	PROJECT STATUS	COMMENTS
Ward 1	1 – Clarence Makhuzeni	250	Packaging/Planning	The project had land ownership challenges but sorted now and beneficiary administration had just taken place, EIA also in place. Construction expected to resume in 2013/2014 financial year.
Ward 1	Phase 2	500	Planning	The Implementing Agent had been appointed to package this project. Construction expected to resume in 2013/2014 financial year.
Ward 2	Inzinga project	300	Construction	Project was part of Ward 1 phase 1 but due to new demarcation to form part of Ward 2. Project is under construction and expected to be completed within the new financial year of 2013 /2014

Ward 3	Similobha	500	Completed	494 units built.
Ward 3	Phase 2	500	Planning	The project is running in planning and managed by Umpheme Consulting
Ward 4	Phase 1	552	Under Construction	538 units completed the remaining will be completed within the new financial year of 2013/2014. The project had 500 units initially but 52 units were added to replace houses damaged by storm in the year 2010 at Inzinga and Ntshiyabantu.
Ward 4	Phase 2	500	Planning	The project is running under planning and managed by Isibanisezwe construction.
In the Village	Village housing	500	Planning	A funding of R18.5 million from DWA have been approved to build a waste treatment plant. The scheme will benefit the entire mpendle village; houses will only be built once upon completion of the waste treatment plant. Construction to resume in the new financial year of 2013/2014 depending on various stages of the project.
In the Village	Rental housing	100	To be initiated	There is a need to initiate this programme since there is no formal rental in the area. It targets are various Government Departments employees, Municipality employees, Service providers, Residents of Impendle who may wish to be close to work places etc.

Major Challenge:

- Private land ownership.
- Bulk Infrastructure.
- Existing services which may require additional funding to be relocated.

3.7 WASTE WATER (STORMWATER DRAINAGE)

STORM WATER

Repairs and Maintenance

The Maintenance team has been created and deployed into the Greater Municipal areas where maintenance of stormwater and drainage system may be required. This process is ongoing and it depends on the availability of funds and transportation. The Municipality have requested stormwater pipes which can be seen lying along the newly constructed P127-2 road, constructed in phases by the Department of Transport. These pipes will be utilized in the new financial year in areas where maintenance is required, where replacement of existing pipes may be necessary and areas where temporary crossing are being used such as Drums, upvc/mpvc pipes and roads where water is cutting across.

Impendle Municipality strive towards executing the following:

- Cleaning of existing stormwater drainage
- Installation of stormwater pipes
- Channeling water into manholes and catch pits
- Providing stream crossings (inserting pipes)
- Providing Road crossings (inserting pipes)
- Fixing headwalls and constructing new headwalls if necessary.
- Providing wall support to prevent erosion and bank support.

The TLB accompanies the team to provide support on the following:

- Excavation
- Offloading
- Alignment of pipe in trenches
- Diverting of water streams
- Backfilling

3.8 Departmental Funded Operation and Maintenance

A refuse collection service in Impendle Village has been carried out successfully using Municipal staff, Expanded Public Works Programme employees and equipment.

3.9 MUNICIPAL Buildings and Facilities

Departmental Funded Maintenance and MIG funded projects

A maintenance program was done on buildings within the Municipality using departmental staff and assisted by Expanded Public Works Programme teams. Vandalism and theft is ongoing and Municipal buildings are targeted and become derelict, this prevents the Municipality from renovating or implementing new facilities as its departmental funded budget is wasted on repairs of vandalized structured. Under the Social Sector of EPWP, security guards have been employed to look after the newly built Community Halls and Crèches.

Mig projects are being implemented as per the MIG Implementation Plan, the plan identifies projects to be implemented within the financial year, it identifies projects which are not performing, provide expenditure per projects, indicate project stages. The Municipality managed to spend 97% of its 2012/2013 MIG Grant.

MUNICIPAL INFRASTRUCTURE GRANT (MIG) COMMUNITY HALL AND CRECHE

Project Description	Size (sqm)	Project Status	MIG Allocation	Expected Completion
KwaKhetha Community Hall and Crèche (Ward 3)	250	Complete	R 2 065 682.50	
Enguga Community Hall and Creche (Ward 2)	250	Under Construction	R 2 065 682.50	Oct 2013
Come and See Creche (Ward 3)	125	Complete	R 750 000.00	
Zamokuhle Creche (Ward2)	125	Complete	R 1 081 650.50	
Macksam Community Hall and Creche	250	Under Construction	R 2065 682.50	
Shellfish Community Hall & Creche (Ward 2)	250	Under Construction	R 2 065 682.50	Oct 2013
Manguza Community Hall and Creche (Ward 1)	250	Complete	R 1 741 408.53	

Brington Creche (Ward 2)	125	Complete	R 750 000.00	
Mlaba Creche (Ward 3)	125	Complete	R 750 000.00	
Gomane Community Hall and Creche (Ward 4)	250	Complete	R 1 586 724.30	
Nkangala Community Hall and Creche (Ward 1)	250	Complete	R 2 065 682.50	

3.10 ELECTRIFICATION

Given the rural nature of the majority of the residence in the Impendle Municipality a high percentage of homes have electricity.

Department of Energy has allocated funding over the past years to roll out electricity in new unelectrified areas.

Ntshebane and Ekukhanyeni been completed and outage will be on the 31st of July 2013. The electrification of Swampu and Greater Loteni will resume in the next financial year of 2013/2014, the Planning and design been completed. The major challenges the Municipality faced previously was the lack of network constraints in areas that were identified. These challenge has been resolve and the Municipality is working around the clock to fast track connections of these areas.

ELECTRIFICATION (DOE GRANT)

Project Description	Units	Project status	Cogta Allocation	Expected Completion
Phase 2: Ekukhanyeni and Ntshebane	90	Complete	R 5800 000	
Phase 3: Loteni and Nkangala	327	Design and Tender	R 5000 000	March 2013
Phase 2: Swampu	45	Appointment of the Service Provider or Contractor	Project is part of Phase 2	Dec 2013

COMPONENT C: PLANNING AND DEVELOPMENT

3.11 PLANNING

The process of municipal land transfers to the Municipality that was overlooked during the restructuring of Local Municipalities. A process was commenced during the previous financial year to rectify this oversight, however little progress was made this financial year. Properties sold during the Municipalities previous administration which were not formally transferred are being finalised.

An application for Village Housing Development in terms of KwaZulu-Natal Planning and Development Act was launched and was completed. The application awaits comments from circulated stakeholders and Council Resolution.

ACHIEVEMENTS

Funding was secured through the Department of Local Government and Traditional Affairs to construct a Maze Mill within Impendle. This facility is intended to process local maize production and create some long term jobs directly and indirectly. Construction started late in 2011/2012 financial year.

CHALLENGES

Access to start-up funding remains one of the major challenges facing SMMEs, Cooperatives and individual entrepreneurs operating in Impendle.

Lack of access to land for emerging farmers also remains a major challenge facing emerging farmers operating in Impendle. This is exacerbated further by lack of relevant skills among emerging farmers. This has serious implications for any proposed agricultural production and value adding enterprise targeting emerging farmers in the Municipality.

It is of some considerable concern to the Municipality that the practise of burning velds without control across the Municipality on private and Ingonyama properties continues year after year. This has damaged the environment considerably and has depleted grazing fields for the communities of Impendle.

Land allocated for local economic development in ILM **Hectares**

Place	Purpose	Hectares
Impendle Village	Maize Mill Plant	
Impendle Village	Affordable Housing	
Impendle Village	Waste Water Treatment Plant	
Total		

3.12 LOCAL ECONOMIC DEVELOPMENT

The purpose of economic development and growth is to build up the economic capacity of Impendle Municipality to improve its economic future and the quality of life for all its citizens. In order to achieve the aforesaid, the Department of Economic Development and Growth is entrusted with the implementation of the following programmes:

- Investment Promotion & Marketing
- Local Business Support & SMME Development
- Tourism Development & Events Management.
- Agricultural Development

The municipality facilitated a number of training workshops for co-ops, SMMES, community gardens and individuals. Referrals for business registrations and business plans as well as mentorship programs were secured through partnerships with SEDA and there are ongoing partnerships and support systems created for the trained groups and individuals.

DESCRIPTION OF THE ACTIVITIES

Investment Promotion and Marketing

The Municipality is continuously exploring ways to increase inward investment in skills and technology, property and sustainable development, continuously promote ongoing investment and development through the provision of services at affordable, competitive prices, efficient service and a safe and secure environment. Business permissions are tailored to the needs of the changing economy. Investment promotion is through the following:

- Ongoing identification of Greenfield development areas for investors;
- Ensuring the maintenance of existing infrastructure.
- Effective information dissemination.
- Working towards transfer of land to the Municipality to make land available to potential investors and developers with respect to business permissions.
- Assist in gaining access to existing services.
- Local Business Support and SMME Development.

CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS GRANT (cogta) MILL 2012/2013

Project Description	Planned Completion	Project Value	Expenditure
Mill Project	Dec-12	R 6.6 000 000.00	R 2 050 120

TO CONFIRM FIGURES

Economic activity by sector			
<i>Sector</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Agric, forestry	2	2	2
Mining and quarrying	1	1	1
Manufacturing	1	1	1
Wholesale and retail trade	2	2	2
Finance, property, etc.	2	2	2
Govt, community and social services	1	1	1
Infrastructure services	3	3	3

Purpose of the EPWP

The Expanded Public Works Programme (EPWP) is one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment. The Programme involves creating work opportunities for unemployed persons, and so allowing them to participate economically and contribute to the development of their communities and the country as a whole.

Phase II of EPWP aims to

Significantly expand the creation of temporary work opportunities that will provide income to the poor and unemployed. Increase the duration of work opportunities for maximum impact.

Impendle Local Municipality

Impendle Municipality received an incentive grant of R 1000 000 from the Department of Public Works to assist the Municipality in implementing the Expanded Public Works Programme for the financial year 2012/2013. EPWP in-house team was established to assist Departments or units in carrying out their day to day activities under the following sectors: Environment, Infrastructure and social sector.

Expanded Public Work Programme

<i>Details</i>	Job creation through EPWP		
	<i>Funding</i>	<i>EPWP: projects type</i>	<i>Job created through EPWP projects. No.</i>

2012/2013	DPW: R 1000 000	Social Sector	28
		infrastructure	24
		Environmental	8
2012/2013	MIG Projects	Roads, Community Hall sand Creches	80

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.13 LIBRARIES AND COMMUNITY FACILITIES

3.13.1 LIBRARIES

Impendle municipality has a functional Community Library which became operational in 2007. The Library is situated in the Village/Town of Impendle. However, the services are not easily accessible to the majority of the community as the population is vastly spread and consists of a largely rural area.

The municipality is in the process of establishing a satellite library in the Inzinga area which will cater for a population with more than 10 schools in the surrounding areas. The satellite library will be operational by the end of 2013. It is envisaged that this facility will provide services to a large part of the population as Inzinga is a nodal point between Impendle Town and Loteni area.

3.13.2 COMMUNITY FACILITIES; (HALLS & THUSONG SERVICES CENTRE)

FUNCTIONALITY OF COMMUNITY HALLS

WARD	NAME OF FACILITY	USAGE	RESPONSIBLE PERSON
1	Emakhuzeni	Community Events	EPWP Personnel
1	Ridge	Community Events	EPWP Personnel
1	Ntwasahlobo	Community Events	EPWP Personnel
1	Stofelton	Community Events & War Room	EPWP Personnel
1	Loteni	Community Events	EPWP Personnel
1	Stepmore	Community Events	EPWP Personnel

1	Manguza	Community Events	EPWP Personnel
1	Nkangala	Community Events	EPWP Personnel
1	KwaThunzi Ngqiya	Community Events	EPWP Personnel
2	Imbaliyezwe	Community Events & War Room	EPWP Personnel
2	Swampu	Community Events	EPWP Personnel
3	Novuka	Community Events	EPWP Personnel
3	KwaMlaba	Community Events	EPWP Personnel
3	Smilo	Community Events	EPWP Personnel
3	Fikesuthi	Community Events	EPWP Personnel
3	Brington	Community Events	EPWP Personnel
3	Come & See	Community Events	EPWP Personnel
3	Impendle Community Hall	Community Events	EPWP Personnel
4	Vezokuhle	Community Events & War Room	EPWP Personnel
4	Nhlabamkhosi	Community Events	EPWP Personnel
4	Gomane	Community Events	EPWP Personnel

Departmental Funded Maintenance

A maintenance program was done on buildings within the Municipality using departmental staff and EPWP Personnel. Challenges with community vandalism/theft is ongoing and some Municipal facilities are targeted and become derelict. However, the municipality has managed to safeguard these facilities through hiring of Security Personnel using the EPWP Grant Funding.

THUSONG SERVICE CENTRE

TSC Name	Impendle
----------	----------

District Municipality	UMgungundlovu	Date of capture	20 June 2013
Local Municipality	Impendle		

Location	Ward 03	Coordinates	
Centre Manager	Sbongile Dlamini	Contact Number	033 – 9966102
E-Mail Address	Sbongile.dlamini@impindle.gov.za	Fax Number	033 - 9960852

Comments

Service Providers at the Centre	Contact number of Service Providers	Operational days and times	No of staff
IEC	033 - 9960601	Mon – Fri 8h:00 – 16h:00	2
Education	033 - 9960494	Mon – Fri 8h:00 – 16h:00	2
Home Affairs	033 - 9960319	Mon – Fri 8h:00 – 16h:00	2
Rural Development	079 5554593	Mon – Fri 8h:00 – 16h:00	2
UMDM(Water & Sanitation)	033 - 9960449	Mon – Fri 8h:00 – 16h:00	2
Oval	074 4230307	Mon – Fri 8h:00 – 16h:00	1
NYDA	033 - 9960443	Mon – Fri 8h:00 – 16h:00	1
Disability Desk	033 - 9960443	Mon – Fri 8h:00 – 16h:00	1
Information Desk	033 - 9960443	Mon – Fri 8h:00 – 16h:00	1
Telecenter	033 - 9960443	Mon – Fri 8h:00 – 16h:00	1
Ithala (ATM)			
Services within walking distance	Contact numbers	Operational days and times	
Library	033 - 9960330	Mon –Fri 8h:00 – 16h:00 (Sat 8h:00 - 13h:00)	
SASSA	033 - 9960947	Mon – Fri 8h:00 – 16h:00	
Justice	033 - 9960604	Mon – Fri 8h:00 – 16h:00	
DSD	033 - 9960411	Mon – Fri 8h:00 – 16h:00	
Post Office	033 - 9960607	Mon – Fri 8h:00 – 16h:00	
SAPS	033 – 9960840/51	24hrs	
Clinic	033 - 9960828	24hrs	

Mobile services at the TSC	Contact numbers	Operational days and times
Agriculture (ward 1-4)	033 - 3476244	Mon – Fri 8h:00 – 16h:00
UNISA	083 4076580	Mon – Friday 8h:00 – 16h:00

Outreach Programmes from the TSC	Ward serviced	Frequency	Impact (How did it assist the community)
Mobile Thusong	02	quarterly	Provided information on government services available.
			Brought government services closer to the community members.

USAGE OF CENTRE BY COMMUNITY

Services offered by community	Operational days and times	Target Groups	Comments
Conference Facilities and Meetings	Weekdays	NGOs, NPOs, CBOs, Government Departments, Sukuma Sakhe, War Room, Municipal Meetings and Functions	The Centre is adequately utilised by community members and various departments and organisations, however, it cannot accommodate bigger events as there is no sufficient space. Future extension is required.

NPO's and NGO's Operating from the Centre

Name of NPO/NGO	Contact Number	Operating Days and Times	Services offered	Comments
Various	079 5818527	Whenever the Centre is required for meeting or conference purposes	Conference and Meeting facilities	Adequate but cater for a limited number of people

Services required by communities but not available at the Centre

The Community requires the services provided by Department of Labour which are currently unavailable.

LEASE AGREEMENTS

Service Provider	Lease Agreements	Yes	No	Reason for no agreement	Monthly Rental
IEC		X			R 2,800.00
Annex		X			R 1,840.00
UMDM		X			R 1,840.00
Education		X			R 943,00
Home Affairs			X	No lease signed	
Rural Development				No lease signed	
Oval		X		Has an agreement with the Municipality to educate at least 5 students per year	

INFRASTRUCTURE

BASIC INFRASTRUCTURE	Yes	No	Comments
Water available and working	X		In order
Electricity available and working	X		In order
Telecommunications available and working	X		In order
Sanitation available and working	X		In order

	Yes	No	Comments
Adequate security available	X		Security available during the day. Patrols at night and on weekends since the Centre is hardly operational on weekends.

Center disability friendly	X		Ramps and toilets for people living with disability.
----------------------------	---	--	--

General Service Counter	X		In order
Staffed	X		In order

Waiting area	X		Not adequate due to size of the Centre
Adequate shelter and seating		X	Need for shelter and seating area

Official branding & flag posts	X		In order
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Network connectivity	X		In order
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CHALLENGES AFFECTING FULL FUNCTIONALITY & UTILISATION

Centre only operates during weekdays only. There is a need for the Centre to operate on weekends, especially on Saturdays. There is an ATM at the Centre which has to be accessible to the public at all times. There is a need for staff and security personnel to be available on weekends.

Not all essential governments departments are available at the Centre.

Building condition (Mark with X)		Poor	Fair	Good X	Very good		
Brief Description:							
The building infrastructure appear not stable enough. The building is tall and the area is prone to wind, snowfall, heavy rains and other natural disasters.							
Renovations are required to make the building more stable.							

Building requirements/rehabilitation/extensions	Y X	N
Reasons:		
There is shortage of office space required by other Departments such as Labour , SASSA, Community Development Workers, Agriculture, DSD etc.		

OPERATIONAL FUNDING RECEIVED FROM COGTA	YES	NO	AMOUNT	FINANCIAL YEAR
	X		R 400,000.00	2013/2014

Municipal budget for future maintenance of the centre	YES	NO <input checked="" type="checkbox"/> The municipality is currently using resources of the EPWP Programme
Impact of the operational funding to the functionality of the centre		
Staff salaries, purchasing of furniture, Youth Development Project		
OVERALL FUNCTIONALITY OF THE CENTRE		Good



Impendle TSC (front entrance)

ithala (ATM) next to the TSC

3.14CEMETORIES AND CREMATORIUMS

The municipality has a cemetery which is hardly ever in use as most of the population prefer to bury their next of kin in the homesteads. The municipality is largely rural and traditionally communities bury their loved within their homesteads. Only a handful of village residents use the cemetery and the rest are pauper burials.

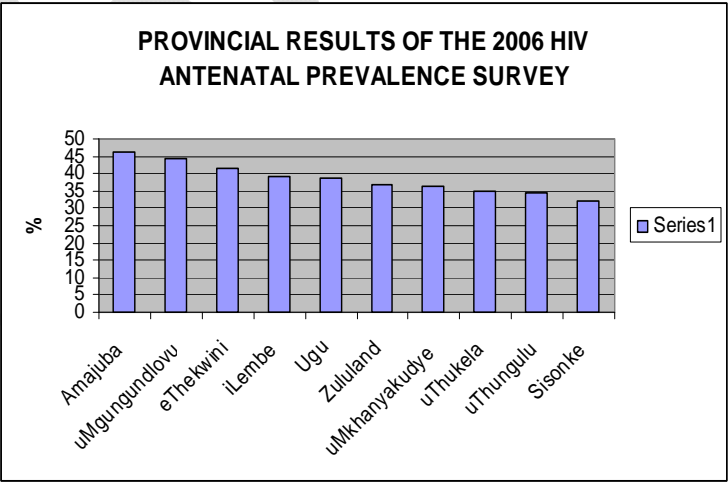
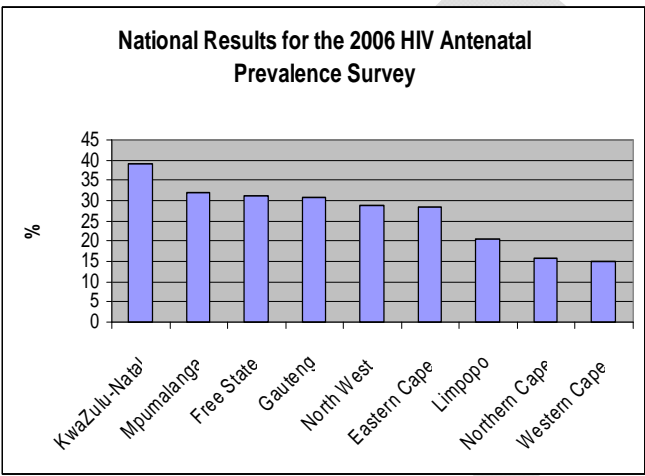
3.15CHILD CARE; AGED CARE; SOCIAL PROGRAMMES New and up to date information

HIV/AIDS

Data on the incidence of HIV/AIDS for the population of Impendle could not be located. Consequently inferences have been made based on provincial and district level findings from ante-natal surveys.

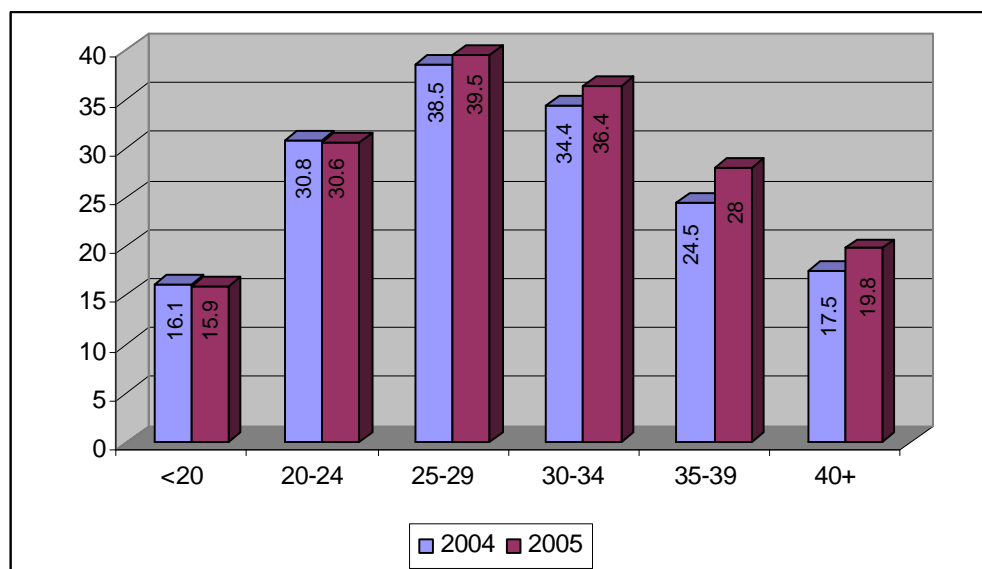
Figure B9: 2006 HIV Antenatal Prevalence Survey National Results
Survey Provincial Results
Source: Health Systems Trust

Figure B10: 2006 HIV Antenatal Prevalence



The 2006 Antenatal Surveys (2006) indicates that the Umgungundlovu District (44.4%) has the second highest HIV & AIDS prevalence after Amajuba District Municipal (46%) and eThekweni with 41.6%. The above graphs summarize these results.

Figure B11: HIV Prevalence by Age Group



Source: Department of Health

The figure above indicates that the HIV prevalence in the age group of 25-29 increased to 39.5%, age group of 30-34 increased to 36.4% and the age group of 35-39 increased to 28%. These age groups represent the potential labour force. The increase in HIV will mean that a decrease in the number of economically active people will result as the virus takes its toll.

Further work is required on the population of Impendle prior to any conclusive statement being made about the prevalence of the virus in this Municipality. The indications from the above tables are that it may be at lower levels in Impendle owing to its relative isolation from the remainder of the province.

Community Development With Particular Focus on Vulnerable Groups

Youth Development

IMPENDLE YOUTH DESK

TARGET GROUP

- 14-35 years old
 - Predominantly out-of-school
 - Predominantly unemployed
 - Catering for a diverse range of individuals :
 - ❖ Skilled / Unskilled
 - ❖ Rural
 - ❖ Disabled
 - ❖ HIV/AIDS
 - ❖

Key Performance Areas

OBJECTIVES	STRATEGIES
1. Economic Participation	- Grants by NYDA and other relevant Stakeholders

<p>To enhance the participation of young people in the economy through targeted and integrated programmes. The Impendle Youth Desk (IYD) with NYDA will support both profit business as well as social enterprises that promote job creation, job placement, self-employment and income generating activities.</p>	<ul style="list-style-type: none"> - Business Consultancy Service (Voucher) by NYDA - Mentorship - Business Opportunities Support Services (BOSS) - Entrepreneurship Development Programme - The Community Development Programme <p>Note: This will be done by Impendle Youth Desk, NYDA and with the help of other relevant stakeholders or departments/organisations.</p>
<p>1. Education And Skills Development</p> <p>To promote, facilitate and provide training and development opportunities to young people to enhance their socio-economic wellbeing</p>	<ul style="list-style-type: none"> - Matric re-write - Bursary projects - Learnerships - Technical Skills ,job preparedness and life skills projects

Development of The People With Disability

On the 24 January 2013 there was a dialogue for people with disabilities where they raised their needs and concerns. Following from that dialogue a resolution was taken to align their needs to the 2013/2014 financial year budget.

THE OBJECTIVES of this budget is to empower people with disabilities to participate in all programmes organised by Municipality or any organisations without undermining their disabilities and encouraging them to stand up on their own.

STRATEGY of achieving these objectives is to include them in Sport, Arts, Culture, Socio-economic activities and education and trainings that are linked to job opportunities. The programmes will be spearheaded by the Impendle Municipality Disability Desk in conjunction with other relevant departments and bodies.

KEY PROGRAMME AREA	GOAL STATEMENT	KEY PROGRAMMES
ECONOMIC TRANSFORMATION	TO IMPROVE THE PARTICIPATION OF PEOPLE WITH DISABILITY IN THE ECONOMY THROUGH TARGETED AND INTEGRATED PROGRAMMES.	THE MUNICIPALITY TO PROVIDE AND FACILITATE FUNDING CAPITAL TO ASSIST THEM TO START CO-OPERATIVES AND BUSINESSES
EDUCATION AND SKILLS DEVELOPMENT	TO PROMOTE THEIR SOCIO-ECONOMIC WELBIENG	<ul style="list-style-type: none"> - MATRIC RE-WRITE - ABET - TECHNICAL SKILLS
PHYSICAL SUPPORT	TO MAKE THEM FEEL IMPOTANT, SO THEY CAN BE ABLE TO DO WHAT THEY WANT	MUNICIPALITY AND DEPARTMENT OF SOCIAL DEVELOPMENT TO PROVIDE

Early Childhood Development

The Municipality had built a number of crèches in all Wards. The Municipality intends to provide required tools and equipment to run these crèches in the near future.

COMPONENT G: SECURITY AND SAFETY

The municipality has its own security personnel whose functions and responsibilities are limited to safeguarding the municipal buildings, properties and the safety of the workforce. The municipality relies largely on collaboration with the South African Police Service (SAPS) and its structures for community safety and security.

3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

DISASTER MANAGEMENT

The Constitution of the Republic places a legal obligation on the Government to ensure the health and safety of its citizens. Therefore all spheres of government are required to “secure the wellbeing of the people of the Republic”. Section 152(1) (d) requires that local government “promote a safe and healthy environment”. Section 51 of the Disaster Management Act requires that all municipalities establish Disaster Management Advisory Forums (DMAF).

It is against this background that the municipality launched its Disaster Management Advisory Forum on 03 August 2012. The Impendle Municipal area is prone and susceptible to disasters such windstorms, fires, floods, snowfalls and others that causes human suffering that the victims cannot alleviate without assistance.

Other challenges that faces the municipality are that Impendle is predominantly a rural area with a relatively insufficient infrastructure and the area is situated about 70 km from Pietermaritzburg which is the main city. Assistance takes time to arrive as there are no emergency facilities and equipment nearby and there is shortage of capacity and resources.

Impendle Local Municipality has certain responsibilities in relation to disaster management, which include inter alia, responding to local incidents and developing disaster management plans in terms of the Disaster Management Act. The municipality set aside R 100 000 in the 2012/2013 Financial Year to deal with disasters. However, due to financial and

other constraints the municipality has not been able to appoint a dedicated Disaster Management Officer and complete its Disaster Management Plan.

ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCE AND OTHERS

The municipality is in a process of developing a range of by-laws include Pound By-laws, Street Trading and more others as Council may deem necessary.

COMPONENT H: SPORT AND RECREATION

3.17 SPORT AND RECREATION

OBJECTIVES

Promoting a healthy lifestyle /assisting federations to promote sport throughout Impendle/assist in sport skills development in Impendle/promote social cohesion and moral regeneration through sport/advance the national development plan by engaging with departments in building of sport facilities and creation of employment opportunities. Promote Impendle municipality to be the number one rural sporting municipality throughout uMgungundlovu and KZN.

STRATEGIES

Achieving these objectives is through this budget breakdown that promotes sport from ward level to national competitions and active participation of municipal staff through work & play programmes. Mass participation programmes will be conducted by the Impendle local sport council on behalf of Impendle municipality.

R150.000 will go to Impendle local football association they host the Easter tournament. Sport against crime in December, they also run a league of 64 teams from juniors to seniors, male and female.

R100.000 goes to Impendle local sport council to host the mayoral games/do sport workshops, deliver municipal teams to major sporting events/assist federations form local structures.

R300.000 goes to the whole programme of the SALGA games 2013-06-12

R50.000 goes to the golden games and DISSA

R30.000 goes to work and play programme

Arts And Culture

The 2012/2013 budget for Arts and Culture was guided by past budgets where consultation was via Ward Committees only. The relevant input from public was minimal that is through Ward Committees only. Department of Arts & Culture also inputted by providing some events for our artists, they also gave us an R150.000 Grant for ubuciko bababhali

Project. The project has provided a platform for budding writers and has enabled them to link with other writers and also increase their skills through workshops. The intention of every Municipal budget is basically to improve the lives of its constituency. The question now is has the previous budget achieved our objectives. The truth is it's an ongoing process. A few groups have recorded their work but not a single group from Impendle has received airplay from major radio stations but from the visual art side Mr. Ndlovu from Gomane has been able to market his work even overseas due to the exposure he got from attending art shows, in all of this he has been sponsored by the Municipality.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.18 EXECUTIVE AND COUNCIL

OFFICE OF THE MUNICIPAL MANAGER

This Office has seen the successful finalisation and approval of the IDP Review and the Service Delivery Budget Implementation Plan (SDBIP). The Office has also provided an effective oversight over the performance of the administration by ensuring that progress reports are submitted to the Council and National as well as Provincial Departments of Cooperative Governance and Traditional Affairs (CoGTA).

Table 3.13.1: Office of Municipal Manager Indicators

Indicator	2012/13 Delivery Agenda	Annual Target	Actual Annual Achievement
Development of integrated development plan aligned to all municipal planning processes	IDP reviewed and approved	Approved IDP	IDP reviewed and approved
All directorates SDBIPs streamlined and linked to performance management and plans	SDBIP linked to performance agreements, annual and mid-year reports compiled	Development of annual report	Annual report 11/12 approved by Council
		Development of midyear review	Midyear Budget and Service Delivery Performance developed
		Approved performance agreements	Budget and performance review session report compiled
Implementation of the SDBIP			

All information and/data in compliance reports and operational plans credible	None	Development of a system to collect and analyse information/ data	e-PMS not implemented
Comparison of all actual project impacts against the agreed strategic plans	Quarterly, mid-year and annual reports	Monitoring and evaluation progress review reports	Monitoring and evaluation progress review reports submitted to EMT for approval
		Progress review report	S 56 monitoring and evaluation review report compiled
All turnaround programs and projects are implemented	Development of turnaround strategy	Turnaround strategy kick-wins implemented	Q1-Q4 implementation progress report submitted to CoGTA

MAYOR'S/SPEAKER'S OFFICE

Table : Speaker's Office Indicators

Indicator	2012/13 Delivery Agenda	Annual Target	Actual Annual Achievement
Involvement of ward committees in CBP, IDP, Budget preparations and other policy formulation	100%	100%	90%
Citizens participating in annual CBP, IDP and Budget formulation	90%	90%	90%
Capacity of identified councilors enhanced			
Involvement of ward committees in CBP, IDP, Budget preparations and other policy formulation	Ward committees Action Plan	Quarterly meetings	4 Meetings held
Number of community ward plans developed	Ward development plans	All ward plans developed	All ward plans developed

Percentage of citizens participating in annual CBP, IDP and Budget formulation	100%	100%	100%
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3.19 FINANCIAL SERVICES

ILM has been receiving unqualified audit report the past three years and during the 2011/2012 audit report the municipality commits in achieving clean audit.

Table: Audit opinions by the Auditor-General of ILM financial systems

Financial Year	Audit Opinion
2008/2009	Unqualified
2009/2010	Unqualified
2010/2011	Unqualified
2011/2012	Unqualified
2012/2013	Unqualified

For the past financial year ILM has placed emphasis on ensuring that organization's finances are managed in a sustainable manner to meet the needs of the community, and to ensure full compliance and effective internal controls over municipal financial management and reporting. Moreover, the Municipality has taken note of the fact that a key pillar to financial sustainability is effective collection of money owed to the Municipality. For this reason, considerable focus has been placed on ensuring that maximum amount is collected from clients, as well as paying creditors on time.

However, high the level of poverty in the area has made it impossible to achieve this goal. For the past financial year, the net debtors to annual income (ratio of outstanding service debtors to revenue received (NKPI) was 16.5% and net debtors to annual income. This dire situation is demonstrated by the fact that there is regular write-off of bad debts.

3.20 HUMAN RESOURCE SERVICES

Impendle is continuously striving to improve the working conditions of her employees, and for continuously capacitating them through training and other interventions. Most importantly, the Municipality is committed to promoting Employment Equity, particularly, the promotion of women to management and other higher positions.

In order to realize these ideals, Impendle had placed the development of workplace skills plan and Employment Equity Plan at the Centre of its performance for 2012/13. The Municipality has managed to develop both the workplace skills plan and Employment Equity Plan as planned. In addition, the Impendle has a policy on Individual Performance Management System (IPMS) in order to appropriately assess the performance of its employee.

Table 3.16.1: Human Resources Indicators

Indicator	2012/13 Delivery Agenda	Annual Target	Actual Annual Achievement
Workplace skills plan approved	June 2012	100% Employees	50%
Council approved EE Plan and 5 year Implementation Plan by Council	May 2012	October 2012	
Approved policy on Individual Performance Management System (IPMS)	Draft IPMS policy	IPMS policy approved by Local Labour Forum and Municipal Council	Draft Policy on IPMS

Table 3.16.2: Employment Equity Targets, 2012/2013

Employment Equity	Target	Actual
Black people employed in the three highest levels of management	4	4
Women employed in the three highest levels of management	1	0
People with disabilities employed in different categories and levels	2%	0
Black people employed in different categories and levels	99%	99%

3.21 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

To be populated

COMPONENT J: MISCELLANEOUS

To be inserted during final printout

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

To be inserted during final printout

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 4.4.4: Comparison of the staff establishment, 2012 and 2013

	End of June 2012		End June 2013
Filled permanent posts	67	76	
Filled contract posts	22	24	
Vacant posts	17	06	
Total	106	106	
	End June 2013		
Department	Turnover	Vacancies	Posts
Office of the Municipal Manager	1	1	11
Community and Corporate Services	8	8	33
Infrastructural Services & Planning	1	4	23
Finance	1	5	17

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality has reviewed Human Resources policies and policies were consolidated into a Human Resources Policy Manual which was adopted by Council.

- *The need for the policy stems from section 67 of the Municipal Systems Act which requires the Municipality, amongst other things, to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, in accordance with the applicable law and subject to any applicable collective agreement.*
- *The Manual is intended to create a framework for decision-making in respect of human resources management in the Municipality. As such it attempts to establish a set of rules for the consistent interpretation and application of collective agreements and legislation governing human resources management in the Municipality.*
- The policies contained in the document cover most of the human resources management issues that the Municipality experiences from day to day.
- *The Manual contains the human resources policies and procedures of the Impendle Municipality.*
- *The policies and procedures prescribed in the Manual apply to all employees of the Municipality.*
- *The Municipal Manager and departmental heads are responsible and accountable for the implementation and application of the policies and procedures.*
- *The policies and procedures contained in the Manual must be read together with, and interpreted consistently with, the relevant collective agreements and legislation.*
- *Whenever there is a conflict or inconsistency between any policy contained in the Manual and any collective agreement or legislation, the provisions of such collective agreement or legislation prevails.*
- *Where the policies and procedures contained in the manual differ from the conditions of service currently applicable to the section 57 employees, in terms of their employment contracts the specific conditions of service in the employment contracts will prevail.*

During the 2012/13 financial year a review of policies was done and the Municipality developed comprehensive human resources Policy Manual.

The policies basically consist of both human resources and corporate operational and procedural policy framework. The goals of the human resource policy framework are to:

The goals of the human resource strategy are to:

- Ensure that the required number of employees with the required skills and expertise are available when needed
- Ensure sound labour relations

- Ensure that employees are developed in accordance with the Work Place Skills Plan
- Enhance the quality of institutional and individual performance;
- Ensure that all relevant human resource systems are established and implemented
- Promote Occupational Health and Wellness Services

HR policies and plans				
	Name of the policy	Completed % YES	Reviewed % NO	Date adopted by the council or comment on the failure to adopted
01	Affirmative action	Yes - As per EE Report		31 May 2012
02	Attraction and retention	Yes – As per HR Manual		
03	Code of conduct for employees	Yes – as per Municipal Systems Act		
04	Delegations, authorities and responsibilities	Yes – as per Delegations of Authority		31 May 2012
05	Disciplinary code and procedures	Yes – as per Collective Agreement		
06	Essential services	Yes – As per Collective Agreement		
07	Employee assessment and wellness	Yes – As per HR Manual		31 May 2012
08	Employment equity	Yes- As per EE Plan		31 May 2012
09	Exit management	Yes – As per HR		31 May 2012

		Manual		
10	Grievance procedures	Yes – As per Collective Agreement		
11	HIV/AIDS	Yes		
12	Human resource and development	Yes – As per HR Manual		31 May 2012
13	Information technology	Yes		
14	Job evaluation	Yes – As per Collective Agreement		
15	Leave	Yes – As per HR Manual		31 May 2012
16	Occupational health and safety	Yes – As per HR Manual		31 May 2012
17	Official housing	-		
18	Official journeys	Yes – As per S & T Policy		
19	Official transport to attend funerals	-		
20	Official working hours and overtime	Yes – As per Collective Agreement		
21	Organizational rights	Yes – per Collective Agreement		
22	Payroll deductions	Yes		
23	Performance management and development	Yes		
24	Recruitment, selection and appointment	Yes – As per HR Manual		31 May 2012
25	Remuneration, scales and allowance	Yes – As per HR Manual		31 May 2012

26	Resettlement	Yes – As per HR Manual		31 May 2012
27	Sexual harassment	Yes – As per HR Manual		31 May 2012
28	Skills development	Yes – As per HR Manual		31 May 2012
29	Smoking	Yes – As per HR Manual		31 May 2012
30	Special skills	Yes – As per HR Manual		31 May 2012
31	Work organization	Yes – As per HR Manual		31 May 2012
32	Uniform and protective clothing	Yes – As per HR Manual		31 May 2012
33	Other			

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and cost of injuries on duty					
Type of injury	Injury leave taken (days)	Employees using injury leave (No)	Proportion employees using sick leave (%)	Average injury leave per employee (days)	Total estimated costs (R0.00)
Tender Spine			13 days		
Ear Injury			09 Days		

Number and periods of suspension

Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
N/A	N/A	N/A	N/A	N/A

Performance rewards by gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards (2013)	Proportion of beneficiaries within group (%)
Lower skilled (levels 1-2)	Female	12			
	male	16			
Skilled (3-5)	Female	10			
	Male	09			
High skilled production (6-8)	female	15			
	Male	01			
Highly skilled supervision (9-12)	female				
	Male	02			
Senior management (13-15)	female	08			
	Male	09			
MM and S57	Female				
	Male	04			
Total		96			

4.4 PERFORMANCE REWARDS

Not Done

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Learnerships, Skills Programs and Apprenticeships Planned for 2012/2013

Title	Type	Number of 18.2 learners	Number of Emp. Learners	ETQA this is registered with
Certificate: Municipal Finance Management	Learnership		5	LGSETA
General Education and Training Certificate: Construction	Learnership		5	CETA
National Certificate: Construction Roadworks	Learnership		4	CETA
National Certificate: Further Education and Training Certificate: Supervision Process	Learnership	39	4	CETA
National Certificate: Construction Painting	Learnership	39	10	CETA
National Certificate: Construction Tiling	Learnership	39	10	CETA
National Certificate: Construction Plastering	Learnership	39	10	CETA
National Certificate: Construction Carpentry	Learnership	39	10	CETA
National Certificate: Construction Masonry	Learnership	39	10	CETA
Further Education and Training Certificate: Plumbing	Learnership	39	10	CETA
National Certificate: ABET Practices	Learnership	39		ETDPSETA
Impendle Literacy Outreach Program (ABET Literacy 1-2, Communication English)	Skills Programme		3	ETDPSETA
Further Education and Training Certificate: Library Practice.	Skills Programme	3	4	ETDPSETA
Further Education and Training	Learnership	2		

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

5 EMPLOYEE EXPENDITURE Table 4.4.6: Employee related costs, 2012 and 2013

	2012	2013
Employee related costs – salaries and wages		
Employee related costs – contributions for UIF, pensions, and medical aid		
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance bonuses		
Long-service awards		
Provision for bonuses		
Current service cost		
Provision for leave		
Total employee related costs		

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Actual spend employee costs in Impendle is above the expected norm. Costs on Repairs & Maintenance are

below the benchmark norm of 20%. However the actual ratio is slightly above the budget range of 5, 4% (Adjusted).

Table 5.1.1: Operating Ratios (Provisional), 2012

Detail	%
Employee cost	46.00%
Repairs and maintenance	3%
Finance charges and depreciation	15%

KZN224 Impendle - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -										
Description	Re f	Budget Year 2012/13								
		Origin al Budge t	Prior Adjust ed	Accu m. Funds	Multi -year capit al	Unfore . Unavoi d.	Nat. or Prov. Govt	Other Adjust s.	Total Adjust s.	Adjust ed Budget
			3	4	5	6	7	8	9	10
R thousands	1	A	A1	B	C	D	E	F	G	H
<u>Revenue By Source</u>										
Property rates	2	1 343	1 343	-	-	-	-	27	27	1 370
Property rates - penalties & collection charges		-	-	-	-	-	-		-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	41	41	-	-	-	-	(9)	(9)	32
Service charges - other			-	-	-	-	-		-	-

Rental of facilities and equipment		196	196	-	-	-	-	(66)	(66)	130
Interest earned - external investments		400	400	-	-	-	-	544	544	944
Interest earned - outstanding debtors		-	-	-	-	-	-	60	60	60
Dividends received			-	-	-	-	-	-	-	-
Fines		6	6	-	-	-	-	(3)	(3)	3
Licenses and permits		29	29	-	-	-	-	(4)	(4)	25
Agency services		27	27	-	-	-	-	9	9	36
Transfers recognised - operating		49 707	49 707	-	-	-	-	14 444	14 444	64 151
Other revenue	2	2 435	2 453	-	-	-	-	(2 310)	(2 310)	125
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		54 226	54 226	-	-	-	-	12 692	12 698	66 918
Expenditure By Type	-									
Employee related costs		12 033	12 033	-	-	-	-	1 222	1 222	13 255
Remuneration of councillors		1 485	1 485	-	-	-	-	-	-	1 485
Debt impairment									-	-
Depreciation & asset impairment		1 450	1 450	-	-	-	-	352	352	1 802
Finance charges		575	575	-	-	-	-	-	-	575
Bulk purchases										

		-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		650	650	-	-	-	-	(127)	(127)	523
Transfers and grants		-	-	-	-	-	-	-	-	-
Other expenditure		16 341	16 341	-	-	-	-	32 937	33 937	49 287
Loss on disposal of PPE									-	-
Total Expenditure		32 534	32 534	-	-	-	-	34 384	34 384	66 981
Surplus/(Deficit)		21 692	21 692	-	-	-	-	(21 69 2)	(21 69 2)	0
Transfers recognised - capital		(15 291)	(15 291)	2 210			(13 549)		(11 339)	(26 630)
Contributions									-	-
Contributed assets									-	-
Surplus/(Deficit) before taxation		21 692	21 692	-	-	-	-	(21 69 2)	(21 69 2)	0
Taxation									-	-
Surplus/(Deficit) after taxation		21 692	21 692	-	-	-	-	(21 69 2)	(21 69 2)	0
Attributable to minorities									-	-
Surplus/(Deficit) attributable to municipality		21	21 692	-	-	-	-	(21 69	(21 69	0

		692						2)	2)	
Share of surplus/ (deficit) of associate									–	–
Surplus/ (Deficit) for the year		21 692	21 692	-	-	-	-	(21 692)	(21 692)	0
<i>References</i>										

5.2 GRANTS

Table 5.2.1: Financial Overview, 2012

Details	Original Budget	Adjustment Budget	Actual
	R'000	R'000	R'000
Income			
Grants	49 707	64 151	49 341
Taxes, levies and tariffs	1 385	1 412	1 442
Other	3 134	811	1 845
Subtotal	54 266	66 918	52 627
<i>Less expenditure</i>	54 266	66 918	52 627
Net total*			
*Note: Surplus/(Deficit)			

5.3 ASSET MANAGEMENT

To be populated

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

KZN224 Impendle - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks -								
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Budget Year 2012/13			

		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Prior Adjusted	Adjusted Budget
<u>Borrowing Management</u>							
Borrowing to Asset Ratio	Total Long-term Borrowing/ Total Assets	0%	0%	0%	0%	0%	0%
Credit Rating	Short term/long term rating	0.0%	0.0%		0.0%	0.0%	0.0%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0.0%	0.0%		0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	40.3%	6%	250%	%	%	%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	5.6%	40%	%	%	%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	1.14%	149.2%	96.2%	378%	378%	378%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	1.4%	147%	14.0%	667.0%	667.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	777.3%	0.9%	3.1	3.1	3.1
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	0.0%	8.4%	88.88%	-16.5%	-16.5%	-16.5%

Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.7%	9.2%	11.0%	4.1%	4.1%	3.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	00.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100.0%	100.0%	99.0%	100.0%	100.0%	100.0%
<u>Funding of Provisions</u>							
Provisions not funded - %	Unfunded Provns./Total Provisions	0.0%	0.0%	0.0%	29.0%	29.0%	29.0%
<u>Other Indicators</u>							
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	0.0%	0.0%		0.0%	0.0%	0.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%		0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.5%	68.2%	27.3%	22.2%	22.2%	19.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	6.7%	1.7%	2.6%	2.6%	2.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.3%	9.2%	5.7%	3.5%	3.5%	3.6%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service	-7.2%	-6.2%	112.6%	741.4%	741.4%	454.0%

	payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	230.4%	1 090.5 %	0.1%	0.3%	0.3%	0.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-4.2%	248%	1.5%	0.3	0.3	0.2

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

To be populated

5.6 SOURCES OF FINANCE

SOURCE	GRANT	AMOUNT
COGTA	Small Town Rehabilitation	R5, 000, 000m
NT	MIG	R10, 761, 000m
DoE	Electrification	R 5, 000, 000m
Total		R20, 761, 000m

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Description	Ref	Budget Year 2012/13						
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts	Total Adjusts	Adjusted Budget
			7	8	9	10	11	12

R thousands		A	A1	B	C	D	E	F
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Capital expenditure of Transfers and Grants								
National Government:		15 761	15 761	–	0	–	0	15 761
Municipal Infrastructure Grant (MIG)		10 761	10 761				–	10 761
National Electrification Programme		5 000	5 000		0		0	5 000
							–	–
							–	–
							–	–
Other capital transfers [insert description]							–	–
Provincial Government:		–	–	–	5 000	–	5 000	5 000
Milling					0		0	0
Small Town Development					5 000		5 000	5 000
District Municipality:		–	–	–	–	–	–	–
<i>[insert description]</i>							–	–
							–	–
Other grant providers:		–	–	–	–	–	–	–
<i>[insert description]</i>							–	–
							–	–
Total capital expenditure of Transfers and Grants		15 761	15 761	–	5 000	–	5 000	20 761

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

KZN224 Impendle - Table B7 Adjustments Budget Cash Flows -										
Description	Ref	Budget Year 2012/13								
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unforeseen Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
			3	4	5	6	7	8	9	10
R thousands		A	A1	B	C	D	E	F	G	H
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		5 659	5 659						–	5 659
Government - operating	1	26 170	26 170						–	26 170
Government - capital	1	21 667	21 667						–	21 667
Interest		400	400						–	400
Dividends			–						–	–
Payments										
Suppliers and employees		(30 954)	(30 954)						–	(30 954)
Finance charges		(575)	(575)						–	(575)
Transfers and Grants	1		–						–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 367	22 367	–	–	–	–	–	–	22 367

CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			-						-	-
Decrease (Increase) in non-current debtors			-						-	-
Decrease (increase) other non-current receivables	-	(21 692)	(21 692)						-	(21 692)
Decrease (increase) in non-current investments			-						-	-
Payments										
Capital assets		-	-						-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21 692)	(21 692)	-	-	-	-	-	-	(21 692)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			-						-	-
Borrowing long term/refinancing			-						-	-
Increase (decrease) in consumer deposits			-						-	-
Payments										
Repayment of borrowing		560	560						-	560
NET CASH FROM/(USED) FINANCING ACTIVITIES		560	560	-	-	-	-	-	-	560
NET INCREASE/ (DECREASE) IN CASH HELD		1 235	1 235	-	-	-	-	-	-	1 235
Cash/cash equivalents at the year begin:	2	5 047	5 047						-	5 047
Cash/cash equivalents at the year-end:	2	6 282	6 282	-	-	-	-	-		6 282

5.10 BORROWING AND INVESTMENTS

KZN224 Impendle - Table B8 Cash backed reserves/accumulated surplus reconciliation -										
Description	Re f	Budget Year 2011/12								
		Original Budget	Prior Adjusted	Accumulated Funds	Multi-year capital	Unforeseen Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
			3	4	5	6	7	8	9	10
R thousands		A	A1	B	C	D	E	F	G	H
Cash and investments available										
Cash/cash equivalents at the year end	1	6 282	6 282	–	–	–	–	–	–	6 282
Other current investments > 90 days		3 765	3 765	–	–	–	–	–	–	3 765
Non-current assets - Investments	1	–	–	–	–	–	–	–	–	–
Cash and investments available:		10 047	10 047	–	–	–	–	–	–	10 047
Applications of cash and investments										
Unspent conditional transfers		1 500	1 500	–	–	–	–	–	–	1 500
Unspent borrowing		1 500	1 500						–	1 500
Statutory requirements		1 800	1 800						–	1 800
Other working capital requirements	2	(2 757)	(2 757)					3 087	3 087	330

Other provisions		4 525	4 525						–	4 525
Long term investments committed		–	–					–	–	–
Reserves to be backed by cash/investments		6 568	6 568					3 087	3 087	9 655
Total Applications of cash and investments:		3 479	3 479	–	–	–	-	(3 087)	(3 087)	392

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that:

“The accounting officer and any other official of a municipality and municipal entity involved in the implementation of the SCM Policy of the municipality and municipal entity must generally have the skills, experience and capacity to assume and fulfill the responsibilities and exercise the functions and power in respect of Supply Chain Management.”

The regulations only indicate the minimum competency levels for Heads and Managers in Supply Chain Management and do not make reference to the minimum competency levels for SCM officials who are not in Management Positions.

After consultation with National Treasury, the minimum competency levels should be determined by the Municipality.

The following was indicated as a guideline:

- Supervisors
 - Minimum of 2 year's experience related to Job Functions
 - Qualification related to Job Functions
 - Fully understand the SCM Policy & Procedures
 - SCM Officials
 - Minimum of 1 year experience related to Job Functions
 - General understanding of the SCM Policy & Procedures

As part of the competency level assessment, all SCM officials will be requested to submit their qualifications to the Acting CFO. This will be coordinated by the Senior Accountant: SCM & Treasury. Our internal audit unit will be involved in the assessment of all the officials at the SCM Unit.

5.12 GRAP COMPLIANCE

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1

6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ^{AND} THE COUNCIL ON IMPENDLE MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Impendle Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Impendle Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material under spending of conditional grants

8. As disclosed in note 14, the municipality has materially under spent on conditional grants received during the year by 43,9% in the amount of R16,7 million.

Unaudited supplementary schedules

9. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Additional matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material inconsistencies in other information included in the annual report

11. I have not obtained the other information included in the annual report for my review and as such have not been able to identify any material inconsistencies with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. The annual performance report included in the annual report was not presented in time for audit and consequently my findings below are limited to the procedures performed on the strategic planning and performance management documents.
14. The information was assessed to determine whether performance indicators and targets are measurable

(i.e. well defined, verifiable, specific, measurable and time bound) and relevant, as required by the *National Treasury Framework for managing programme performance information (FMPPi)*.

15. The material finding is as follows:

Usefulness of information

Measurability

16. The *FMPPi* requires that performance targets be specific in clearly identifying the nature and required level of performance. The targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the *FMPPi* but chose not to apply the principles contained in the *FMPPi*.

Compliance with laws and regulations

17. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements

18. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, investment property, provisions, other income, contracted services and general expenses identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

National Environmental Management: Waste Act

19. The municipality operated their waste disposal site without a waste management license or permit, in contravention of section 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008) and section 20(1) of the Environmental Conservation Act of South Africa, 1989 (Act No. 73 of 1989).

Human resource management

20. Overtime worked by employees exceeded their working hours, which was in contravention of section 10 of the Basic Conditions of Employment Act of South Africa, 1997 (Act No. 75 of 1997).

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

22. The accounting officer did not exercise adequate oversight over financial and performance reporting and compliance as well as internal control. In this regard, the accounting officer did not periodically assess whether staff members had essential skills and knowledge to support the achievement of credible

reporting and desired control objectives.

Financial and performance management

23. Adequate processes were not in place to communicate timely and relevant information to those charged with governance, in that monthly reporting was not effective. This is evidenced by material corrections in the financial statements, as well as compliance and performance findings.

Governance

24. The audit committee did not adequately assess the effectiveness of controls and responses to risks, as evidenced by material corrections in the financial statements and compliance findings.

Auditor-General
Pietermaritzburg

30 November 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 6.2 AUDITOR GENERAL REPORT YEAR 0

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON IMPENDLE MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

2. I have audited the financial statements of the Impendle Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

3. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

4. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the

Impendle Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainty

9. With reference to note 14 in the financial statements, employees of the municipality have not been paid according to the wage scales and rates in the South African Local Government Association (SALGA) Categorisation and job evaluation wage curves collective agreement. The municipality has not finalised job evaluations pending the outcome of the lawsuit by the union disputing the agreement. The amount of the obligation cannot be determined with sufficient reliability and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of an error discovered during 2013 in the financial statements of the Impendle Municipality at, and for the year ended, 30 June 2012.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XX to XX of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected development priorities or objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

16. The material findings are as follows:

Usefulness of information

Measurability

17. The National Treasury Framework for managing programme performance information (*FMPPI*) requires that performance targets be measurable. The required performance could not be measured for 100% of the targets. This was due to the fact that management was aware of the requirement of the *FMPPI* but chose to not apply the principles contained in the *FMPPI*.

Reliability of information

18. The National Treasury Framework for managing programme performance information (*FMPPI*) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

The information presented with respect to Development priority 31 – Completed rehabilitation of Mafahleni Street was not reliable when compared to the source information and evidence provided.

This was due to the lack of standard operating procedures for the accurate recording of actual achievements frequent review of validity of reported achievements against source documentation.

Compliance with laws and regulations

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance management

20. The accounting officer of the municipality did not by 25 January assess the performance of the municipality during the first half of the financial year, as required by section 72(1)(a)(ii) of the Municipal Finance Management Act.

Annual financial statements, performance and annual reports

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, accumulated surplus, revaluation reserve, provisions, and accruals identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

22. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Expenditure management

23. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act.

Service delivery

24. The municipality operated their waste disposal site without a waste management license or permit, in contravention of section 20(b) of the National Environmental Management: Waste Act of South Africa, 2008 (Act No. 59 of 2008) and section 20(1) of the Environmental Conservation Act of South Africa, 1989 (Act No. 73 of 1989).

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

26. The accounting officer did not exercise adequate oversight over financial and performance reporting and compliance as well as internal control. In this regard, the accounting officer did not periodically assess whether staff members had essential skills and knowledge to support the achievement of credible reporting and desired control objectives.

Financial and performance management

27. Adequate processes were not in place to communicate timely and relevant information to those charged with governance, in that monthly reporting was not effective. This is evidenced by material corrections in the financial statements, as well as compliance and performance findings.

Pietermaritzburg

Auditor-General
Pietermaritzburg

30 November 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

ATTENDANCE : COUNCILLORS : IMPENDLE LOCAL MUNICIPAL COUNCIL MEETINGS : July 2012 – June 2013													
TOTAL NUMBER OF MEETINGS HELD FOR THE PERIOD JULY – JUNE = 13													
		JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
% ATT	NAME	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
100	Clr SG Ndlela	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
100	Clr CD Gwala	✓	With leave	✓	✓	✓	✓	✓	With leave	✓	✓	✓	✓
100	Clr SM Makhaye	0	0	0	0	✓	✓	0	✓	0	0	Clr. KM Dlamini	0
71,43	Clr S Mlaba	✓	With leave	✓	0	✓	✓	✓	✓	✓	✓	✓	✓
100	Clr P Mtolo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
100	Clr N Mvelase	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
100	Clr HT Zuma	With leave	✓	✓	✓	✓	✓	With leave	With leave	✓	✓	✓	✓

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral Committee) and Purposes of Committees	
Mayoral Committee	Purpose of Committee

Oversight & Public Accounts	<p>Monitor financial governance of the municipality;</p> <p>Oversight over the annual reports of the municipality;</p> <p>Monitor expenditure in terms of budget allocations against agreed service delivery and performance targets and hold executive and senior managers accountable for</p>
Public Places and Street Naming	<p>The process for the control and regulation of the naming and renaming of geographical features in Impendle Metropolitan and to keep and maintain the names bank, which is a database consisting of existing geographical names within the municipal area.</p>
Remunerations	<p>Deal with matters of remunerations and benefits payable to employees and councillors; set guidelines for an equitable</p>
	<p>fair procedure for the determination of salaries / wages of employees and act in line with the guidelines and procedures provided by SALGA and the Bargaining Council on salaries / wages of employees.</p>
Rules	<p>Develop and administer the implementation of Standing Rules and Orders for the entire operations of Council; monitor municipality's adherence and compliance to national and provincial legislation and regulation.</p>
Budget Steering Committee	<p>Oversee the drafting and development of the municipal budget and full compliance to MFMA provisions</p>

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Directorate	Manager
Executive and Council	Mr. SI Mabaso
Budget and Treasury Office	Mr. T. Pitout and Mr. GS Ngcobo (Acting CFOs)
Corporate and Community	Mr. SG Ngcobo
Infrastructure and Planning Services	Mr. ZC Tshabalala

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	Function Applicable to Municipality (Yes/No)*
Constitution Schedule 4, Part B Functions:	
Air pollution	NO
Building regulations	YES
Child care facilities	NO
Electricity and gas reticulation	NO
Firefighting services	NO
Local tourism	YES
Municipal airports	NO
Municipal planning	YES
Municipal health services	YES
Municipal public transport	YES
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution of any other	YES
Pontoons, ferries, jetties, piers, and harbors, excluding the regulation of international and national shipping and matters related	NO
Stormwater management systems in built-up area	YES
Trading regulations	YES
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	
Beaches and amusement facilities	NO
Billboards and the display of advertisements in public places	YES
Cemeteries, funeral parlours and crematoria	YES
Cleansing	YES
Control of public nuisances	YES
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation and burial of animals	

Fencing and fences	YES
Licensing of dogs	YES
Licensing and control of undertakings that sell food to the public	YES
Local amenities	YES
Local sport facilities	YES
Markets	YES
Municipal abattoirs	NO
Municipal parks and recreation	YES
Municipal roads	Yes (Maintenance)
Noise pollution	YES
Pounds	YES
Public places	YES
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	YES
Street lighting	YES
Traffic and parking	YES
*If municipality indicate (Yes or No).	

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	NO. of monthly committee meetings held during the year	No. of monthly reports submitted to Speaker's Office on time	No. of quarterly public ward meetings held during the year
1	Cll. SM Mlaba	Yes	2	2	
2	Cllr. SM Makhaye/CD Dlamini	Yes	5	5	
3	Cllr. CD Gwala	Yes	12	12	
4	H/W Cllr. SG	Yes	12	12	

	Ndlela				
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APPENDIX F – WARD INFORMATION

To be populated

Capital Projects: Seven Largest in 2012/13 (Full List in Annexure X)				
No.	Project Name and Detail	Start Date	End Date	Total Value R'000

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2012/13 (Expenditure R' 000)

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

To be inserted

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Contracts (20 Largest Contracts Entered into 2012/2013)					
Name of Service Provider (Entity of Municipal Department)	Description of Services Rendered by the Service & Provider	Start Date of Contract	Expiry Date of Contract	Project Manager	Contract Value R' 000
Nashua	Lease of heavy duty multi-purpose photocopy machines	09/12/2010	08/12/2013	GS Ngcobo	Dependent upon monthly consumption, will not exceed R1m

Vodacom	Supply of municipal cellphones and modems	01/03/2011	28/02/2013	GS Ngcobo	Payment of R monthly and will not exceed R1m
African Link and Lexus Nexus	Supply of transport and accommodation services	01/05/2011	30/04/2013	SG Ngcobo	Charged as and when required by the municipality. Will not exceed R1m
Konica Minolta	Supply of library multi-purpose photocopy machine	20/04/2011	30/04/2013	GS Ngcobo	Dependent upon monthly consumption, will not exceed R1m
RQ Tech	Supply of electronic document management system	01/09/2010	31/08/2012	NN Zondi	Payment when support is provided
Softline Pastel (Pty) Ltd	Supply of financial system	11/04/2011	10/04/2013	TG Pitout	Support services which will not exceed R1m

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Company Name	Description	Amount	Start Date	End Date	Award Date			
						Poor	Good	Excellent
Imbokodo Skills & Man.	PMU	R 90 450.00	01 Jan 2013	30 June 2013	21 Dec 2012		X	
A1 Electrical cc	Giabantu & Ekukhanye ni	R 3 003 124.34		Still onsite	07 Sept 2012		X	
Shuklas Contractors	Shelfish Hall & Crèche	R 392 908.58	09 Jan 2013	Still onsite	10 Oct 2012			X

Boston Ink	Expression of Interest	R		30 June 2014	21 Sept 2012		X	
Shuklas Contractors	Zamokuhle Hall & Crèche	R 232 602.17	09 Jan 2013	Still onsite	07 Nov 2012			X
Pat Construct Civil Works	Gomane Hall & Crèche	R 613 923.28	07 Jan 2013	16 Aug 2013	11 Oct 2012			X
Zeswele Abelusi Trading	Supply of Material	R 2 484 016.86			14 Dec 2012		X	
AKRT Investment	Supply of Material	R 2 699 746.97		Onetime	08 Oct 2012			X
Kwelamusa networks	Macsem Hall & Creche	R 1 216 556.81			04 Mar 2013		X	
Pat Construct Civil Works	Nguga Hall & Crèche	R 1 314 038.39	22 Apr 2013	Still onsite	02 Apr 2013			X
Eyamakhosazane Trading cc	Khetha Hall & Crèche	R 1 344 175.25	22 Apr 2013	Still onsite	02 Apr 2013		X	
Bovani Construction	Upgrading of Mafahleni Street	R 9 724 180.06		Still onsite	05 Mar 2013		X	
Khuphukani Electrical cc	Installation of electrical for Mill	R 506 194.15		Still onsite	30 Apr 2013		X	
Ilungelo Construction cc	Bus Stop road	R 1 067 172.80		Still onsite	15 May 2013		X	
Shuklas Construction cc	Maromini road	R 1 217 408.28		Still onsite	15 May 2013		X	

Cwatha Builders cc	Impendle Mill	R 1 869 845.67		Terminated	11 Nov 2011	X		
Lepoka Retail jv Dlovukazi Trading 21	Upgrading of Mafahleni street	R 4 886 619.12		Terminated	28 May 2012	X		
Hamsa Consulting Engineering	Installation of electrical for Mill	R 357 390.00		Terminated	02 Dec 2011	X		

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

To be populated

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY VOTE

Revenue Collection Performance by Vote						
Vote No./Description	2011/12	Current Year 2012/13			2012/13 Variance	
	Actual	Original Budget (R' 000)	Adjusted Budget (R' 000)	Actual	Original Budget	Adjustments Budget
Executive & Council	853 109	6 060	6 322	663 763	%	%
Budget & Treasury	21 107 903	5 363	8 349	25 026 251	%	%
Infrastructure	107 710	507	507		%	%
Community & Social Services	7 144 231	17 176	26 898	1 512 207	-	-
Corporate Services	81 008	3 748	5 628	200	%	6%
Public Safety		12	12		-	-
Housing		432	700	75 612	%	%

Sports & Recreation		795	801		%	%
Planning	400	3 054	4 946	10 751 300	%	%
Road Transport		5 111	1 937	29 984	%	%
Environmental Protection	20 762	244	244		%	%
Health		175	175		%	%
Market Stalls		494	494			
Tourism		882	882			
Waste Water Management		-	-			
Total Revenue by Vote	29 315 123	44 042	57 895	38 059 317		
Variances are calculating by dividing the difference between actual and original/adjustments budgets by the actual.						

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R' 000						
Description	2011/12	Current Year 2012/13			2012/13 Variance	
	Actual	Original Budget (R' 000)	Adjusted Budget (R' 000)	Actual	Original budget	Adjustments Budget
Property rates		924	924		%	%
Property rates – penalties & collection charges		30	40			
Service charges – electricity Revenue	0	0	0	0	0%	0%
Service charges – water Revenue	0	0	0	0	0%	0%
Service charges – sanitation Revenue	0	0	0	0	0%	0%

Service charges – refuse Revenue		43	39		%	%
Service charges – other						
Rentals of facilities & Equipment		183	185		%	%
Interest earned – external Investments		350	500		%	%
Interest earned – outstanding debtors		10	10		%	%
Fines		2	6		%	%
Licenses and permits		28	28		%	%
Agency services		10	25			
Transfers recognised – Operational		2 523	2 523		%	%
Other revenue		39 940	53 616		%	%
Gains on disposal of PPE		-			%	%
Environmental protection		-				
Total Revenue (excluding capital transfers and contributions)		44 042	57 895		%	%
Variances are calculating by dividing the difference between actual and original/adjustments budgets by the actual.						

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants Excluding MIG						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major Conditions Applied by Donor
	R' 000	R' 000	R' 000	Budget	Adjustments Budget	
Financial Management Grant	1 500	1 500	1 500	100%	100%	

Municipal Systems Improvement Grant	790	790	790	100%	100%	
National Electrification Program Grant	5 436	5 886	5 886	108%	100%	
Library Services Grant	85	85	85	100%	100%	
Sports & Recreation Grant	-	150	150	0%	100%	
Provincial Grant Corridor (Milling)	-	5 000	5 000	0%	100%	
Provincial Grant Small Town Rehabilitation	-	6 300	6 300	0%	100%	
Total	R7 811	R14 711	R14 711			
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual						

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure – New Assets Programme R' 000							
Description	2011/12	2012/13			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total		9 146	9 146	4 418 221	16 291 400	4 318 604	2 229 264

Infrastructure: Road transport - Total		3 610	3 610	3 349 090	11 291 400	2 958 604	2 229 264
Roads, pavements & bridges		3 610	3 610	3 349 090	11 291 400	2 958 604	2 229 264
Stormwater							
Infrastructure: Electricity - Total							
Generation							
Transmission and Reticulation		5 436	5 436	1 069 131	5 000 000	1 360 000	
Other		100	100				
Community – Total							
Parks and gardens							
Sports fields and stadia							
Swimming pools							
Community halls		5 163	5 163	8 159 693	4 800 609	8 099 396	189 890
Libraries							
Recreational facilities							
Fire, safety and emergency							
Security and policing							
Buses							
Cemeteries							
Social rental housing							
Investment properties – Total							
Housing development							
Other				2 187 217	250 000		
Other assets		983	983				
General vehicles							
Specialised vehicles							
Plant & equipment		60	60				
Computers – hardware/equipment		234	234				
Furniture and other office equipment		371	371				
Markets							
Civic land and buildings							

Other buildings		176	176				
Surplus assets – (investment of Inventory)							
Other		142	142	411 132	350 000		
Intangibles							
Computers – software & programming							
Total Expenditure on New Assets		15 292	15 292	15 176 263	21 692 009	12 418 000	2 419 154

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project 2012/13					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act – Adj) %	Variance (Act – Ob) %
Lower Makhuzeni crèche	Nil	37 500	119 743	319	0
Nkangala community hall & crèche	2 250 000	1 273 158	824 720	65	37
Nkangala Glen/Umkomaas river causeway	382 000	RNil	RNil	0	0
Manguza hall	RNil	700 000	588 463	84	0
Stepmore road phase 1	RNil	702 000	480 858	69	0
Sdwedwe road	RNil	RNil	46 285	0	0
Mgodi community hall	125 000	278 322	324 612	117	260
Swampu compensation road	450 000	247 271	459 752	186	102
Brington crèche	24 000	247 271	498 903	202	2078
Maksem creche	382 000	657 895	RNil	0	0
Taxi rank	RNil	535 834	411 132	77	0
Fikesuthi creche	21 090	RNil	24 480	0	116

Novuka Mlaba creche	RNil	539 651	606 393	112	0
Similobha crèche	750 000	952 736	980 675	103	131
Come & See crèche	RNil	712 500	758 861	107	0
Ntokozweni gravel road	350 000	RNil	RNil	0	0
Mlaba crèche	24 000	712 500	1 138 087	160	4742
Vezokuhle creche	RNil	RNil	21 262	0	0
KwaKhetha road	1 230 000	500 000	197 683	40	16
Nhlabamkhosi community hall	208 273	1593 457	1 381 390	87	663
Nhlabamkhosi road	RNil	RNil	132 562	0	0
Gomane community hall	1 378 452	117 354	RNil	0	0
Bus stop road	1 162 840	50 961	RNil	0	0
Maromeni road	35 000	48 713	RNil	0	0
Mahlutshini electrification	1 491 689	1 491 689	1 069 131	72	72
Compensation, Nzinga, eKukhanyeni electrification	RNil	3 944 311	RNil	0	0
Mill project	RNil	6 136 342	2 187 217	36	0
Small Town Development	RNil	6 300 000	2 031 950	32	0

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward 2012/13		
Capital Project	Ward (s) Affected	Works Completed (Yes/No)
Lower Makhuzeni creche	1	Y
Nkangala community creche	1	N
Nkangala Glen/Umkomaas river causeway	1	N
Manguza hall	1	N
Stepmore road phase 1	1	N
Mgodi community hall	2	Y

Swampu compensation road	2	Y
Brington crèche	3	N
Maksem creche	3	Y
Fikesuthi creche	3	Y
Taxi rank	3	N
Novuka Mlaba creche	3	Y
Similobha crèche	3	Y
Come & See crèche	3	N
Mlaba crèche	3	N
KwaKhetha road	3	N
Nhlabamkhosi community hall	4	Y
Gomane community hall	4	N
Bus stop road	4	N
Maromeni road	4	N
Mahlutshini electrification	1	N
Compensation, Nzinga, eKukhanyeni electrification	2	Y
Mill project	3	N
Small Town Development	3	N

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

MFMA Section 71 Returns Not Made During 2011/12 According to the Reporting Requirements	
Return	Reason Return Has Not Been properly Made on Due Date
None	N/A

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

VOLUME II: ANNUAL FINANCIAL STATEMENTS

To be inserted during final printout

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